

# MONTANA ECONOMIC DEVELOPMENT BOARD

Annual Report  
June 30, 1987

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MONTANA DEPARTMENT OF COMMERCE

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Annual report.



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To the People of Montana:

The 50th Legislature, through SB 298, merged the Montana Economic Development Board with the Board of Investments. Beginning July 1, 1987, the "new" Board of Investments will take the reins of all economic development financing programs offered by the state of Montana.

It has been a pleasure for me to be one of seven members of this Board. Each member has been genuinely and actively involved in Board operations and has contributed greatly to the program's success. The collegiality of the MEDB members has been excellent as well, making important and difficult decisions occur in an exceptional atmosphere.

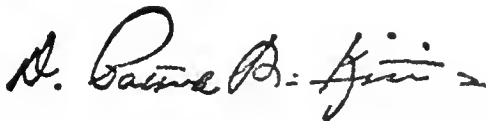
Our small but professional staff has also been superb with both the work quality and the interchange between the staff and the Board being of very high quality. The Department of Commerce, its director, Keith Colbo; former director, Gary Buchanan, and our finance team have been important elements in our endeavors. Their participation and cooperation have greatly enhanced our programs.

The Board has been true to the charge given to it by law. Our reports to the people of Montana, to the Governor, and to the State Legislature beginning in 1984, address our activities as well as our recommendations for consideration by the people and the elected officials. From inception through June 1987, outstanding coal tax loans and commitments total \$31.2 million for 104 Montana businesses preserving 1,529 jobs and creating 869 new jobs. Pooled IDB loans total \$6.6 million for 18 borrowers. We have issued \$17.6 million in stand-alone IDB's for 5 borrowers, and the Pooled Municipal Bond Program has accommodated 67 users for \$40.7 million under the MCAF Program and 21 users for \$6.5 million under the INTERCAP Program.

Governor Schwinden's belief that the quality of the loans should be an important consideration has been constant in our deliberations. We took seriously, our charge to provide long-term, fixed-rate financing to small and medium-size business in Montana. The bank examiner's review of our program in October 1986, concluded that the Montana Economic Development Board's portfolio was of superior quality.

Our programs are dynamic and in order to make them continuously viable in the state, they are always subject to modification and adaptation. It's hoped that the merger of the two boards will allow economic development to continue to grow and help stabilize our economy.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Patrick McKittrick". The signature is fluid and cursive, with a long horizontal stroke at the end.

D. Patrick McKittrick, Chairman  
Montana Economic Development Board



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**BOARD MEMBERS**

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D. Patrick McKittrick, Chairman, July 8, 1983 to June 30, 1987  
Labor Representative; Attorney - Great Falls

Jeremiah R. Sullivan, Vice-Chairman, July 8, 1983 to June 30, 1987  
Financial Community Representative; Independent Banker - Helena

John C. Orth, July 8, 1983 to June 30, 1987  
Consultant - Butte

Jackson L. Schutte, July 8, 1983 to June 30, 1987  
Financial Consultant - Billings

Yvonne Snider, July 8, 1983 to June 30, 1987  
Agriculture Representative; Rancher - Lewistown

Karen K. Locke, July 8, 1983 to May 30, 1986  
Small Business Owner - Eureka

Pat LaTourelle, September 5, 1986 to June 30, 1987  
Small Business Representative; Restaurant Owner - Whitefish  
Appointed to New Board of Investments

Steve Brown, July 8, 1983 to June 30, 1987  
Legal Representative; Attorney - Helena  
Appointed to New Board of Investments

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**FISCAL 1987 STAFF**

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Robert M. Pancich, Administrator

Terry A. Spalinger, Loan Officer

David Ewer, Bond Program Manager

Jan Kalgaard, CPA

Jeannie A. Farmer, Administrative Assistant

Debra L. McKee, Administrative Assistant

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**CONSULTANTS**

---

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Mae Nan Ellingson  
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Helena, Montana 59601  
406/442-1300





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## INTRODUCTION

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### A. Creation of the Montana Economic Development Board

During the late 1970s and early 1980s the need for long-term, fixed-rate financing was not being met by Montana's financial institutions. Both the national and Montana's economy were unstable with the prime interest rate reaching an all time high of 21 percent. Montana's unemployment was 5.1 percent in 1979 and increased to 8.6 percent and 8.8 percent in 1982 and 1983, respectively. Other economic factors such as the dollar, inflation, and real GNP also reflected the weak economy. As a result, the financial institutions were unwilling to lock into fixed interest rates or finance a project over an extended period of time unless the interest rate was variable or renegotiable.

One purpose of the Permanent Trust Fund is to "develop a stable, strong, diversified economy which meets the needs of Montana residents both now and in the future." In 1982, the people of Montana passed I-95, known as the In-State Investment Initiative, by a margin of 71 percent. The Initiative required 25 percent of the Permanent Coal Tax Trust Fund to be invested in the Montana economy.

In 1983, the Legislature responded to the initiative by creating the Montana Economic Development Board. The Board's mission was to provide the long-term, fixed-rate financing that was generally unavailable. By providing a finance program, the Legislature hoped to not only preserve jobs but also to create new jobs. The Board has managed a total of five development finance programs: the Coal Tax Loan Program, the Pooled Industrial Development Bond Program, the Stand-Alone Industrial Bond Program, the Municipal Finance Program and the Montana Capital Companies Program.

### B. Programs Managed by the Board

The Coal Tax Loan Program provides long-term, fixed-rate financing to businesses engaged in basic industries, in the retail/wholesale of Montana-made goods and in import substitution activities. During the

Board's four years, it received 146 applications of which 90 were funded for \$24.1 million. Commitments totaling \$6.0 million and \$2.2 million of loans in process will carry over for consideration by the new Board of Investments.

The Pooled and Stand-Alone Industrial Revenue Bond Programs enjoyed limited success. The debate and eventual passage of the Federal Economic Reform Act of 1986 caused uncertainty about the availability of tax-exempt Industrial Revenue Bonds (IDBs) for financing purposes. The Board issued \$8.570 in Pooled IDBs to finance 18 projects, which were primarily commercial buildings. Five stand-alone projects totaling \$17.605 million were issued. In addition, the Board has induced three stand-alone projects for \$22.995 million that will carry over for possible funding by the new Board of Investments.

In July 1985, the Board issued \$18.575 million in Montana Cash Anticipation Financing (MCAF) bonds to finance 29 local governments. The following year the Board issued \$27.480 million in MCAF bonds for 38 local governments and retired the original \$18.575 million. The MCAF program provides tax anticipation financing for local governments at interest rates ranging from zero to 6 percent.

A new program called INTERCAP (Intermediate Term Capital Pool) was implemented during fiscal 1987 and \$6.5 million in bonds were sold to finance intermediate needs of local governments. To date 21 local governments have taken advantage of this program and \$735,000 in funds are still available for use at year end. The INTERCAP Program finances projects of one-to-five years in length for equipment and vehicle purchases, refinancings, and modest building improvements.

Applications have been received from nine companies seeking designation as a "certified" Montana capital company. Three companies have since "qualified" to utilize tax credits for investors in those companies. A total of 107 tax credits for \$386,575 have been issued. The Montana Capital Company Act was to sunset on June 30, 1987, but the continued need for venture capital prompted the 1987 Legislature to extend the program four years, increase the tax credit from 25 percent to 50 percent, increase the maximum tax credit to each investor from \$25,000 to \$150,000 and to increase the total tax credits available from \$2 million to \$8 million.

### C. Merger of the Two Boards

The Montana Economic Development Board and the Board of Investments became one entity on July 1, 1987. The new Board of Investments, the result of Senate Bill 298, allows the public to make one investment stop rather than approaching two different agencies. The Board will continue to manage the In-State Investment Fund (MISIF), which is funded with 25 percent of the coal trust monies.

The new Board consists of nine members: one from the Public Employee's Retirement Board, one from the Teacher's Retirement Board, and the remaining seven representing the financial community, small business, agriculture, and labor to provide a balance of professional expertise and public interest and accountability.

The Board was appointed by the Governor with terms beginning July 1, 1987, and includes: Joseph P. Reber, chairman; Joel T. Long; J. William Kearns, Jr.; Patrice B. LaTourelle; Robert L. Batista; G. Steven Brown; W.E. "Buster" Schreiber; Wilbur E. Scott, and Frederick B. Tossberg.

The quasi-judicial board is attached to the Department of Commerce for administrative purposes with its staff located at 555 Fuller Avenue. The mailing address is: Board of Investments, Capitol Station, Helena, Montana 59620-0125, (406)442-1970.

Dave Lewis, former director of the Department of Social and Rehabilitation Services, has been appointed as executive director to the Board. Mr. Lewis and the Board have begun work on an organizational chart with preliminary plans calling for the accounting and secretarial functions of the two boards to combine and report to the executive director. The remaining professional staff of the MEDB will be known as the Office of Development Finance within the Board of Investments Division. The MEDB's programs will continue under the new configuration and as in the past, will continue to evolve to meet the changing needs of Montana's businesses and local governments.



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## STATUS AND ACTIVITIES - JULY 1, 1986, TO JUNE 30, 1987

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### A. Approved Lenders

The Board approved 14 additional financial institutions during fiscal 1987 bringing the total number to 95 (see Appendix A). The Board's most active financial institutions during the year were Ronan State Bank - 8, Valley Bank of Kalispell - 7, Flint Creek Valley Bank of Phillipsburg - 5, Security State Bank of Polson - 3, and First National Bank of Twin Bridges - 3.

### B. Coal Tax Loan Program

During fiscal 1987, the Board received 58 applications compared to 55 applications in fiscal 1986. In addition, the Board committed 49 loans for \$10.9 million. The Board expects the program to remain active during fiscal 1988.

The Board funded 47 loans for \$11.2 million and had \$6 million in commitments outstanding at year end. A schedule of loans funded or committed at year end is presented in Appendix B. The Board also had \$2.2 million in process on June 30, 1987.

The Board monitors the industrial make-up of its investments monthly because it does not want a heavy loan concentration in any one industry. Appendix B shows that it has succeeded in its efforts to date. Keep in mind that the summary is reported by economic sectors, not individual industries, and the manufacturing economic sector, for example, contains a large number of individual industries.

#### 1) Changes in Accounting for Trust Earnings

The interest earnings of the trust was split 85 percent to the General Fund and 15 percent to the Montana In-State Investment Fund (MISIF) during fiscal years 1983 to 1986. Senate Bill 228, passed by the 50th Legislature, changes the division of interest earnings. During fiscal 1987, 100 percent of the interest earnings will be deposited to the General Fund. For fiscal 1988 and 1989, 98 percent

will be deposited to the General Fund and 2 percent to the MISIF. Beginning in fiscal 1990, the split will return to 85 percent going to the General Fund and 15 percent to the MISIF.

The other significant change was by request of the Office of Budget and Program Planning to split the MISIF into two funds, a non-expendable fund and an expendable fund. The non-expendable portion of the MISIF will contain deposits of the coal severance tax and principal repayments of loans under the Coal Tax Loan Program. The expendable portion of the MISIF will contain all interest redeposits to the MISIF appropriated by law. The redeposit of interest was 15 percent during fiscal 1983 to 1986 and zero in fiscal 1987. The expendable account will also receive the 2 percent redeposit during the 1989 biennium. For financial statement presentation, those two funds were combined.

## 2) Return on Board Investments

### a. Return on Board Loans

To date, the Board has funded \$24 million coal tax loans with a June 30, 1987, outstanding balance of \$22.4 million. The Board's interest rates range from 11.47 percent to 6.19 percent with an average rate of 7.91 percent. The \$1.3 million in interest earned on these loans was deposited to the general fund during fiscal 1987.

The Board calculates an estimated economic return to the state on all loans. This return includes additional real and personal income taxes, license fees and any other state and local tax revenues created or retained as a result of the project. To calculate the return to the state the interest received on the loan plus the additional revenues are divided by the principal of the loan. The rates range from 6.43 percent to 19.51 percent with an average of 11.64 percent.

Actual interest rates and estimated return to the state are listed in Appendix B, Exhibits 2 and 3. A more detailed explanation of the calculation is available at the Board's office in Helena.



b. Short Term Investment Pool

All available assets of the bond fund and the MISIF are invested in the Short-Term Investment Pool (STIP) until they are loaned out to Montana borrowers. The Board's investment in STIP is recapped below:

\$19,483,150	Beginning Balance 7/1/86
30,826,449	Purchase of STIP
<u>(30,320,799)</u>	Sale of STIP
<u>\$19,988,800</u>	Ending Balance 6/30/87

The ending balance of STIP consists of 199,888 units at a cost of \$100/unit. The market value of STIP at June 30, 1987, was also \$100/unit.

The Board averaged \$20.8 million in STIP and received an average yield of 7.08 percent. The investment of available funds in STIP resulted in \$1.5 million in interest earnings. All of the interest earnings were deposited to the General Fund during fiscal 1987.

c. Overall Portfolio Yield

The Board's entire portfolio consists of its investment of the Bond Fund (in STIP) and the MISIF (loans plus STIP). The blended yield calculation of the portfolio at year end is a weighted average of \$20.8 million of STIP at 7.08 percent and \$22.4 million of loans at 7.91 percent. The overall portfolio blended yield at year end was 7.51 percent.

3) Loan Loss Reserve Fund

The Loan Loss Reserve (LLR) Fund was created to protect the MISIF from losses resulting from a loan default. The Board is currently depositing all coal tax loan application fees and 0.25 percent of the interest received on all loan repayments to the LLR Fund. The Board believes that the law allowing for the interest calculation was drafted incorrectly, with the original intent being 2.5 percent of the interest

received to be deposited to the LLR Fund--not 0.25 percent. Senate Bill 140, passed by the 50th Legislature, increases the interest deposit to 2 percent, effective October 1, 1987. The Board anticipates the LLR Fund to reach a prudent level of 2 percent of the loans "at risk" by fiscal 1989.

4) Subsidy for Water Development Bonds

Half of the coal severance taxes collected are constitutionally dedicated to the Permanent Coal Tax Trust Fund, which is divided into three funds: the bond fund, the permanent fund and the income fund. Tax revenues are deposited into the bond fund when collected. The taxes in the bond fund flow into the permanent fund and all earnings are held in the income fund until appropriated.

The purpose of the bond fund is to guaranty the principal and interest payments of the Water Development Bonds issued by the Department of Natural Resources and Conservation (DNRC). The DNRC withdrew \$802,792 during the year to pay bondholders. Because the MEDB receives 25 percent of all new revenues deposited to the permanent trust, \$200,698 was withdrawn from the MEDB's share of the coal severance taxes collected.

5) Science and Technology Seed Capital Bonds

The 50th Legislature passed House Bill 700, which allows the Montana Science and Technology Development Board to issue up to \$16 million in seed capital bonds over the next six years. The bonds will mature in approximately 12 years. The Legislature established two accounts to make up any deficiencies to bondholders: the Technology Development Account and the Technology Debt Service Account. In addition, the Science and Technology Board may establish other accounts or reserves and use up to \$38 million of the Permanent Coal Tax Trust Fund, if necessary, to meet its obligations. The MEDB is unsure as to how the program may affect the MISIF.

6) Lawsuit between State of Montana and Coal Companies.

The Crow Indian Tribe and the federal government filed a suit

against the state of Montana in 1978 claiming that the Coal Severance Tax and the gross proceeds tax violate federal law and interfere with tribal economic development, autonomy and self-government. The mining land in question joins the Crow Reservation and was ceded to the federal government in 1904 but later returned by a 1958 law.

U.S. District Judge James Battin ruled that the land in question was outside the reservation and therefore the mined coal was subject to the Coal Severance Tax and the gross proceeds tax. The 9th U.S. Circuit Court of Appeals reversed the lower court's ruling stating that, based on an earlier decision, the adjoining land was part of the reservation.

From 1975 to 1982, \$38 million in coal severance taxes were collected from coal mined on the land in question. Beginning in 1982, the tax was deposited into an escrow account that now contains approximately \$25 million. The Board is unsure as to how the ruling will affect the previously collected taxes. Unless expressly prohibited, Indians are subject to all non-discriminatory state laws for activities outside reservation boundaries. The Board hopes the MISIF will not be affected as the taxes in question have been deposited into an escrow account since before the MISIF was established. These questions will be answered, however, when the state appeals the decision of the 9th U.S. Circuit Court of Appeals to the U.S. Supreme Court.

#### **C. Pooled Industrial Development Revenue Bond Program**

The Board did not issue Pooled Industrial Development Revenue Bonds (IDBs) in fiscal 1987. Before fiscal 1987, this program financed projects such as medical and professional offices, retail enterprises and other commercial loans. The 1986 federal tax code, however, eliminated all commercial projects except for certain manufacturing and non-profit categories from receiving tax-exempt bond funds. With coal tax money available to manufacturers, the Pooled IDB Program has been inactive and will be phased out. The possibility of funding projects by issuing bonds with interest that is subject to federal income taxes is being considered.

**D. Stand-Alone Industrial Development Revenue Bond Program**

The Board issued \$5.13 million in Stand-Alone IDBs to finance one project during fiscal 1987. The MEDB is a conduit issuer of these bonds and is not liable in the event of a default. While the Board acts in the same capacity as a city or county that issues an industrial revenue bond, the MEDB offers the expertise of a full-time bond program manager who can assist IDB users to select underwriters and other financial consultants, as well as help the borrower understand the complexities of industrial revenue bond financing. A recap of the funded stand-alone projects and the active unfunded projects as of June 30, 1987, is presented in Appendix D.

**E. Montana Cash Anticipation Financing Program**

The MEDB issued \$27,480,000 in Montana Cash Anticipation Financing (MCAF) bonds on July 15, 1986. The bonds were sold to finance 38 local governments' tax anticipation financing needs from September 1986 until June 1987. The bonds, with an interest rate of 5.625 percent, will be retired on December 30, 1988. The average effective interest rate to the local government users was 3.28 percent. This low rate resulted in considerable savings to local governments when compared to registering warrants or issuing bonds, which could cost between 6 percent to 9 percent and require more administrative time to manage than the MCAF program.

The Board's MCAF bonds are secured by an irrevocable loan agreement between the MEDB and the Board of Investments. The MEDB received a "MIG-1" rating from Moody's Investor Service on the MCAF bond issue because of the strength of the Board of Investments and its loan agreement.

The Board will issue approximately \$18 million in Certificate of Participation bonds early in fiscal 1988 to finance the needs of an estimated 28 local governments. The new program will cover fiscal 1988. Refer to Appendix E for a recap of the fiscal 1987 and fiscal 1988 MCAF programs.

#### **F. Intermediate Term Capital Pool**

During fiscal 1987, the Board implemented the Intermediate Term Capital Pool (INTERCAP) Program to finance the intermediate term (up to five years) capital needs (equipment, vehicles, and modest property improvements) of local governments. The Board pooled the borrowing needs of 38 local governments and issued \$6.5 million in bonds at an interest rate of 4.125 percent to finance these projects. The interest cost to participants is 5.625 percent with the interest rate adjusted annually each March 1 and set at no more than 1.50 percent above the corresponding bond rate. The cost of issuance will be borne by all users. Savings to the local governments are expected to be greater than if they sold bonds separately because of the reduced issuing costs and lower interest rates available through the INTERCAP Program.

#### **G. Montana Capital Companies Program**

##### **1) Summary of Investment Activity**

As of June 30, 1987, three qualified capital companies had raised \$2,407,300 in venture capital, with a total of \$1,546,300 in investments eligible for tax credits. To date, \$386,575 in tax credits have been approved, with \$127,500 being approved in fiscal 1987.

##### **2) Bank Examiners Audits**

To date, the bank examiners of the Department of Commerce have not performed audits of the Montana capital companies (MCCs). The first deadline for investing "at least 30% of a Montana capital companies base" occurred on March 30, 1987. It is anticipated that the department bank examiners will begin performing audits in late 1987.

##### **3) Status of MCCs**

A Montana capital company goes through two steps in the approval process before investors in the capital company are eligible for tax credits. First, it must become "certified" by the Board by submitting an application that proves it is a legal entity. Second, it must raise at least \$200,000 in equity capital before investors are "qualified"

for the tax credits.

As of June 30, 1987, three capital companies were qualified (and certified) and four companies were certified. Refer to Appendix F for capital companies and their addresses.

**Development Corporation of Montana (Qualified)**

DCM is scheduled for an audit of its investment activities. Investments made by DCM included: WSM, Inc., Billings; American Telephone Advertising Corp., Great Falls; Mountain Meadows, Inc., Lewistown; and Millwood Systems, Inc., Missoula. There was no additional investment in this company during the year by individual investors and accordingly no tax credits were issued.

**Venture Capital Corporation of Montana (Qualified)**

This company did not receive additional funds from investors, therefore no tax credits were issued. Its 30 percent investment deadline is December 11, 1987.

**Great Falls Capital Corporation (Qualified)**

The Board qualified Great Falls Capital Corporation on October 31, 1986. The company raised \$525,000 by selling Class A voting common stock and \$500,000 by selling Class B common stock. The Board approved a total of \$127,500 in tax credits to the investors of the Class A common stock. Tax credits were not requested for the investors of Class B common stock. The company plans to raise additional funds before investing their capital in a Montana company. Its 30 percent investment deadline is October 31, 1989.

**Montana Capital Company (Decertified)**

The company requested decertification as compliance with state laws regarding investment of company funds by the investment deadlines would not be possible. On January 19, 1987, the Board decertified the Montana Capital Company. No tax credits were ever granted to investors.

**Miles City Area Development Corporation of Montana (Certified)**

On April 3, 1987 the Board certified the Miles City company. There will be no tax credits issued to investors of this company until \$200,000 in capital is raised and the Board designates the company as

qualified.

**First Montana Capital Corporation (Certified)**

This company was inactive during fiscal 1987, but did raise the \$200,000 necessary to become qualified in August 1987. They do have plans to invest their funds in several businesses.

**Blaine County Development Corporation (Certified)**

This company was inactive during the year.

**Bitter Root Valley Development Corporation (Certified)**

This company was inactive during the year.





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**AUDITOR'S OPINION LETTER  
AND MEDB FINANCIAL STATEMENTS**

---



Office of the Legislative Auditor

STATE CAPITOL  
HELENA, MONTANA 59620  
406/444-3122



SCOTT A. SEACAT  
LEGISLATIVE AUDITOR

DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLETT  
FINANCIAL COMPLIANCE AUDITS

JIM PELLEGRINI  
PERFORMANCE AUDITS

LEGAL COUNSEL:

JOHN W. NORTHEY

The Legislative Audit Committee  
of the Montana State Legislature:

We have examined the financial statements of the Enterprise and Non-Expendable Trust Funds of the Montana Economic Development Board as of and for the year ended June 30, 1987, as listed in the table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 1, the financial statements present only the Enterprise and Non-Expendable Trust Funds of the Montana Economic Development Board and are not intended to present fairly the financial position or the results of operations and changes in financial position of the state of Montana in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the financial position of the Montana Economic Development Board at June 30, 1987, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

A handwritten signature in cursive script, reading "James Gillett".

James Gillett, CPA  
Deputy Legislative Auditor

October 2, 1987



MONTANA ECONOMIC DEVELOPMENT BOARD  
ENTERPRISE FUND  
BALANCE SHEET AS OF JUNE 30, 1987

<u>Assets</u>	<u>Development Finance</u>
Current:	
Cash in Treasury	\$ 51,177
Cash with Fiscal Agent	2,194,174
Interest Receivable	120,338
Notes/Loans Receivable	307,094
Due from Other Funds	3,145
Interest Purchased	18,232
Investments	29,300,173
Prepaid Expenses	517
Total Current	<u>31,994,850</u>
Long Term:	
Notes/Loans Receivable	8,760,953
Investments	1,228,467
Capitalized Cost of Issue	656,254
Equipment	35,800
Accumulated Depreciation	(7,774)
Total Long Term	<u>10,673,700</u>
 TOTAL ASSETS	 <u>\$42,668,550</u>
 <u>Liabilities</u>	
Current:	
Accounts Payable	\$ 2,790
Due to Other Funds	18,555
Accrued Expenses	190
Accrued Interest Payable	298,597
Current Bonds Payable	6,680,000
Total Current	<u>7,000,132</u>
Long Term:	
Inter-Entity Loans Payable	150,000
Bonds Payable	35,020,000
Compensated Absences	32,992
Deferred Cost of Issue Recovery	367,744
Total Long Term	<u>35,570,736</u>
 Total Liabilities	 42,570,868
Retained Earnings	<u>97,682</u>
 TOTAL LIABILITIES & EQUITY	 <u>\$42,668,550</u>

The accompanying footnotes are an integral part of the financial statements.

MONTANA ECONOMIC DEVELOPMENT BOARD  
ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

<u>Revenue</u>	<u>Development Finance</u>
Application Fees	\$ 1,500
Bond Issue Fees	156,480
Investment Earnings	3,069,146
Operating Transfer	174,733
Cost of Issue Recovery	<u>19,068</u>
Total Revenue	<u>3,420,927</u>
 <u>Expenses</u>	
Personal Services	233,799
Contracted Services	21,051
Supplies & Materials	3,036
Communications	12,661
Travel	9,241
Rent	11,923
Repairs & Maintenance	1,625
Indirect/Administration Costs	20,809
Other	3,123
Depreciation Expense	4,613
Debt Service	<u>2,984,705</u>
Total Expenses	<u>3,306,586</u>
Net Income	<u>114,341</u>
 Retained Earnings July 1, 1986	(1,201)
Prior Period Adjustment	<u>(15,458)</u>
Adjusted Retained Earnings July 1, 1986	<u>(16,659)</u>
Retained Earnings June 30, 1987	<u>\$ 97,682</u>

The accompanying footnotes are an integral part of the financial statements.

MONTANA ECONOMIC DEVELOPMENT BOARD  
ENTERPRISE FUND  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

<u>Sources of Working Capital</u>	<u>Development Finance</u>
Operations:	
Net Income	\$ 114,341
Depreciation	4,613
Amortization of Cost of Issue	<u>19,873</u>
Total From Operations	<u>138,827</u>
Other:	
Bond Proceeds	27,300,000
Compensated Absences	<u>18,117</u>
Total Other	<u>27,318,117</u>
Total Sources of Working Capital	<u>27,456,944</u>
 <u>Uses of Working Capital</u>	
Capitalized Cost of Issue	253,643
Equipment Purchase	210
New Loans	2,179,904
Amortization of T-Bond Premium	3,655
Recognize Deferred Cost of Issue Recovery	19,068
Other	<u>29,201</u>
Total Uses of Working Capital	<u>2,485,681</u>
NET INCREASE IN WORKING CAPITAL	<u>\$ 24,971,263</u>
 <u>Elements of Net Increase in Working Capital</u>	
Cash in Treasury	\$ (71,578)
Cash with Fiscal Agent	295,887
Interest Receivable	(103,445)
Accounts Receivable	(768)
Notes/Loans Receivable	(1,743,906)
Due From Other Funds	(9,381)
Investments	14,407,173
Capitalized Cost of Issue	(72,130)
Prepaid Expenses	122
Interest Purchased	18,232
Accounts Payable	2,166
Due to Other Funds	2,723
Accrued Expenses	1,460
Accrued Interest Payable	179,708
Current Bonds Payable	<u>12,065,000</u>
NET INCREASE IN WORKING CAPITAL	<u>\$24,971,263</u>

The accompanying footnotes are an integral part of the financial statements.

MONTANA ECONOMIC DEVELOPMENT BOARD  
NON-EXPENDABLE TRUST FUNDS  
BALANCE SHEET AS OF JUNE 30, 1987

	<u>Montana In-State Investment</u>	<u>Loan Loss Reserve</u>
<u>Assets</u>		
Current:		
Cash in Treasury	\$ 29,563	\$ 2,759
Interest Receivable	36,435	574
Investments	<u>19,259,500</u>	<u>111,200</u>
Total Current	<u>19,325,498</u>	<u>114,533</u>
Long-Term:		
Notes/Loans Receivable	<u>22,386,985</u>	<u>-0-</u>
Total Long-Term	22,386,956	<u>-0-</u>
TOTAL ASSETS	<u>\$41,712,463</u>	<u>\$114,553</u>
<u>Liabilities and Fund Balance</u>		
Current Liabilities		
Due to Other Funds	\$ 473,616	\$ -0-
Property Held in Trust	<u>-0-</u>	<u>450</u>
Total Current Liabilities	473,616	450
Fund Balance Reserved	<u>41,238,847</u>	<u>114,083</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$41,712,463</u>	<u>\$114,533</u>

The accompanying footnotes are an integral part of the financial statements.



MONTANA ECONOMIC DEVELOPMENT BOARD  
NON-EXPENDABLE TRUST FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	<u>Montana In-State Investment</u>	<u>Loan Loss Reserve</u>
<u>Revenue</u>		
Application Fees	\$ -0-	\$ 68,909
Investments Earnings	<u>2,812,547</u>	<u>4,595</u>
Total Revenue	<u>2,812,547</u>	<u>73,504</u>
<u>Expenses</u>	<u>-0-</u>	<u>-0-</u>
Income Before Transfers	2,812,547	73,504
Operating Transfers In	9,318,096	3,338
Operating Transfers Out	<u>2,812,547</u>	<u>-0-</u>
Net Income	<u>9,318,096</u>	<u>76,842</u>
Fund Balance as of July 1, 1986	<u>31,920,751</u>	<u>37,241</u>
Fund Balance as of June 30, 1987	<u>\$41,238,847</u>	<u>\$114,083</u>

The accompanying footnotes are an integral part of the financial statements.

MONTANA ECONOMIC DEVELOPMENT BOARD  
NON-EXPENDABLE TRUST FUNDS  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	<u>Montana In-State Investment</u>	<u>Loan Loss Reserve</u>
<u>Sources of Working Capital</u>		
Net Income	\$9,318,096	\$76,842
<u>Uses of Working Capital</u>		
Loans Receivable	<u>9,269,389</u>	<u>-0-</u>
Total Uses	\$ <u>9,269,389</u>	\$ <u>-0-</u>
Net Increase in Working Capital	\$ <u>48,707</u>	<u>\$76,842</u>
<u>Elements of Net Increase in Working Capital</u>		
Cash in Treasury	\$ 16,816	\$ 1,639
Interest Receivable	18,907	574
Accounts Receivable	(19,000)	(317)
Investments	505,600	75,396
Due to Other Funds	(473,616)	-0-
Property Held in Trust	<u>-0-</u>	<u>(450)</u>
Net Increase in Working Capital	\$ <u>48,707</u>	<u>\$76,842</u>

The accompanying footnotes are an integral part of the financial statements.

MONTANA ECONOMIC DEVELOPMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The Montana Economic Development Board (MEDB) uses the accrual basis of accounting. Under the accrual basis of accounting, expenses are recorded when incurred and revenues are recorded when earned.

The financial statements are prepared from the Statewide Budgeting and Accounting System (SBAS) with adjustments, and information contained in the bond trustee statements. The statements include the financial activity administered by the Montana Economic Development Board in the Enterprise and Non-Expendable Trust Funds of the MEDB. Accordingly, these financial statements are not intended to fairly present the financial position, results of operations, or changes in financial position of the state of Montana.

b. Presentation of Funds and Programs Contained Therein

The MEDB uses two types of funds, the Enterprise and Non-Expendable Trust.

Enterprise Fund

The MEDB uses the Enterprise Fund to account for its Development Finance Programs which include municipal financing for local governments and long-term fixed-rate financing for businesses.

The following programs are considered municipal finance activities:

- Montana Cash Anticipation Financing (MCAF) which provides tax anticipation financing to local governments.

- Intermediate Term Capital Pool (INTERCAP) provides funds to local governments to finance two to five year capital expenditures.

The programs considered business finance activities are:

- Coal Tax Loan Program (CTL) invests the funds of the Montana In-State Investment Fund by making funds available to Montana borrowers.
- Montana Capital Companies (MCC) issues tax credits to investors of qualified Montana companies.
- Industrial Development Bond Program (IDB) provides funds to purchase economic development loans.

The Industrial Development Bond Program sells bonds to create the funds necessary to finance the projects eligible for that program. Bonds were not issued during fiscal 1987 as the enabling federal legislation for tax-exempt IDB's sunset in December 1986.

#### Non-Expendable Trust Fund

The Montana In-State Investment Fund (MISIF) represents a portion of the constitutionally dedicated Coal Tax Trust Fund made up from deposits of a portion of coal severance taxes collected. Initiative 95, passed by voters in November 1982, stated that 25 percent of the funds deposited in the Coal Severance Tax Trust Fund will be invested in Montana. As a result, the MISIF was created. The MISIF is a Non-Expendable Trust Fund. During fiscal year 1986-87, \$9,318,096 of coal severance tax collections were transferred to the MISIF.

The interest earnings of the MISIF were appropriated by the Legislature for fiscal 1983 through fiscal 1986. Interest was divided 85 percent to the General Fund and 15 percent to the MISIF. The 1987 Legislature appropriated all of the fiscal 1987 investment earnings of the MISIF to the General Fund.

During the 1985 Legislature, authority was given to the board to deposit service charges and up to .25 percent of interest on coal tax loans to the Loan Loss Reserve Fund. The 1987 Legislature raised the percentage from .25 percent to 2 percent. The purpose of the Loan

Loss Reserve Fund is to protect the Montana In-State Investment Fund from losses. The Loan Loss Reserve Fund is accounted for as a Non-Expendable Trust Fund.

d. Annual and Sick Leave

Annual and sick leave costs are recorded when leave is taken and then adjusted at year-end for the outstanding liability. Upon termination, qualifying employees with unused accumulated annual and sick leave receive 100 percent payment on annual leave and 25 percent payment on sick leave. The acquisition of an employee and his accumulated leave balances from his previous agency increased the Board's compensated absences balance by \$15,903.

e. Fixed Asset Depreciation

Fixed assets are recorded in the Development Finance Program. The assets are depreciated on a straight-line basis, with salvage value, in accordance with state policy.

II. EMPLOYEES' RETIREMENT SYSTEM

Montana Economic Development Board employees are covered by the Public Employees' Retirement System, which is administered by the state of Montana. Under this system, the state contributes 6.417 percent of an employee's gross wages, while the employee contributes 6 percent of his/her wages. The MEDB's contribution to the retirement system for the fiscal year ended June 30, 1987, was \$12,566. The increase over fiscal 1986 resulted from the purchase of past benefits for one of the MEDB's staff.

III. INVESTMENTS

The deposits and investments in the Enterprise Fund are restricted by the bond trust indentures to: government and agency obligations, certificates of deposits, repurchase agreements and investment agreements. Deposits and investments in the other funds must be made with Montana banks or in the Short-Term Investment

Pool (STIP) of the Montana Board of Investments. The deposits and investments are combined on the MEDB's financial statements.

Deposits. At year end, the Enterprise Fund held \$24,795,341 in deposits. These funds were fully collateralized with securities held by the MEDB's Trustee in the MEDB's name. The other funds held no deposits during the year.

Investments. The long-term investments are carried at amortized cost, and the short-term investments are carried at cost. A summary of the MEDB's investments by accounting entity and security type follows.

<u>Short-Term Investments</u>			
	<u>Government Securities</u>	<u>Investment Pools</u>	<u>Totals</u>
Enterprise Fund			
Carrying Amount	\$2,868,032	\$ 1,636,800	\$ 4,504,832
Market Value	2,883,839	1,636,800	4,520,639
Non-Expendable Trust Fund (MISIF)			
Carrying Amount	---	19,259,500	19,259,500
Market Value	---	19,259,500	19,259,500
Non-Expendable Trust Fund (LLR)			
Carrying Amount	---	111,200	111,200
Market Value	<u>---</u>	<u>111,200</u>	<u>111,200</u>
TOTALS			
Carrying Amount	2,868,032	21,007,500	23,875,532
Market Value	2,883,839	21,007,500	23,891,339

<u>Long-Term Investments</u>		
Enterprise Fund		
Carrying Value	\$1,228,467	\$1,228,467
Market Value	1,451,212	1,451,212

The MEDB's investments in government securities are held by the MEDB's Trustee in the MEDB's name.

During the year, the Enterprise Fund used repurchase agreements to manage the cash made available by the bonds issued by the MEDB.

#### IV. BOND ISSUES

##### a. "Pooled" Industrial Revenue Bonds

The MEDB issues bonds for the purpose of providing funds to purchase economic development loans in the state of Montana. The bonds are limited obligations of the MEDB payable solely from and secured by revenues and assets of the MEDB. The state's liability is limited to only the pledged assets of the MEDB.

Included within the revenues and assets of the MEDB are the amounts deposited in the MEDB's reserve accounts. If the balance in the MEDB's Capital Reserve Account falls below the amount established by the indenture, the Governor is required to request that the legislature appropriate funds to restore the balance. The Legislature may, but is not legally obligated to, appropriate funds to correct any deficiency.

A summary of the board's fully registered bonds follows:

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Interest Dates</u>	<u>Series Retirement Dates</u>
1984 Series A-G	12/15/84	\$3,650,000	3/15 & 9/15	3/86 - 3/06
1985 Series A-L	10/15/85	\$4,925,000	3/15 & 9/15	3/87 - 3/07

Series J of the 1985 Bond Issue Series A-L was recalled on March 15, 1986 per the provisions of the Indenture of Trust.

Outstanding balances on bond issues as of June 30, 1987 follow:

<u>Bond Issue</u>	<u>Current</u>	<u>Long Term</u>
1984 Series A-G	\$ 75,000	\$3,485,000
1985 Series A-L*	105,000	4,055,000

\* Excluding Series J, retired 3/86.

b. "Stand-Alone" Industrial Revenue Bonds

The MEDB issued bonds on behalf of one borrower under the Stand-Alone Program during fiscal 1987. The bonds issued under this program do not constitute a debt or liability to the MEDB or the state of Montana. Assets and revenues of this borrower are pledged to repay the bonds. Accordingly, the Stand-alone bond issue is not recorded on the MEDB's financial statements.

The following Stand-alone Industrial Revenue bonds were issued:

Zenith Management Company	\$5,130,000.
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c. Montana Cash Anticipation Financing (MCAF) Bonds

The MEDB retired \$18.575 million in Series 1985 bonds on September 27, 1986. The MEDB issued \$27.480 million in bonds on July 15, 1986 which mature on December 30, 1988. Bonds are not subject to redemption prior to maturity. The bonds are limited obligations of the MEDB and are not a debt or liability of the state of Montana. The bonds are payable from repayments of principal and interest on Tax or Revenue Anticipation Notes purchased by the MEDB from participating local government units.

The Series 1985 and 1986 Bonds are secured by an irrevocable loan agreement between the MEDB and the Montana Board of Investments which authorizes the Bond Trustee to request from the Board of Investments, and requires the Board of Investments to lend money for deposit in the MEDB's Montana Cash Anticipation Financing Program Reserve Account B in an amount equal to any deficiencies therein for payment of principal and interest on the Series 1986 Bonds.

d. Intermediate Term Capital Pool (INTERCAP)

On March 16, 1987, the MEDB issued \$6.5 million in Series 1987 Variable Rate Demand Bonds which will be due March 1, 1995. These bonds may be redeemed, at the bondholder's option, any March 1 prior to maturity. The MEDB did not enter into an arms-length financing



agreement to convert bonds "put" but not resold into some other form of long-term obligation. Accordingly, these bonds have been recorded as current liabilities of the Enterprise Fund.

The Series 1987 bonds are limited obligations of the MEDB and are payable solely from: 1) repayments of principal and interest on MEDB loans to local governments, 2) investment income, and 3) amounts derived from an irrevocable Loan Agreement between the MEDB and the Board of Investments. The agreement authorizes the Trustee to request funds from the Board of Investments for deposit to the MEDB's reserve account in an amount equal to any deficiencies therein for payment of principal and interest on the Series 1987 bonds. These bonds are not a debt or liability of the state of Montana.

#### V. LOANS PAYABLE

The Montana Economic Development Board currently has a \$150,000 loan to the Development Finance Program from the General Fund. The purpose of the loan is to fund the costs of operation for the account until earnings on bond proceeds are available to cover the costs of operation associated with the account. The Legislature originally gave the board authority to carry the loan over four years (but extended the loan to June, 1989). There have been no repayments.

#### VI. TRANSFERS

The Coal Tax Loan Program operations are supported by a General Fund appropriation. The General Fund appropriation is then transferred into the Development Finance Fund where the actual program expenses are recorded.

The coal severance tax collection transfers are the current year's portion of the coal severance taxes allocated to the MEDB. The transfer to the General Fund is 100 percent of the investment earnings of the Montana In-State Investment Fund.

## VII. COAL TAX LOAN COMMITMENTS

The board makes firm commitments to fund loans from the Montana In-State Investment Fund. These commitments have expiration dates and may be extended according to the board's administrative rules. As of June 30, 1987, the board had committed to purchase 21 loans from Montana lenders totalling \$5,962,215.

## VIII. SUBSEQUENT EVENTS

### a. Merger with Montana Board of Investments

The 1987 Legislature passed Senate Bill 298, Chapter 581, Laws of 1987, which combined the functions of the MEDB and the Board of Investments into a new Board of Investments appointed by the Governor. The MEDB's existing programs and responsibilities will transfer to the new Board of Investments.

### b. Certificate of Participation Program

On August 20, 1987, the Board of Investments purchased \$18,795,000 in tax anticipation notes of local governments and resold the notes to a trustee. The trustee then issued Certificates of Participation in the notes on behalf of the local governments. If the local government fails to repay the note when due, the board agrees to purchase a refunding note from the local government to facilitate the repayment of the original note.

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## APPENDICES

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### A. GENERAL INFORMATION

Approved Financial Institutions Exhibit 1

### B. COAL TAX LOAN PROGRAM

Approved Loans Exhibit 2

Legislative Criteria on Approved Loans Exhibit 3

Geographic Distribution of Approved Loans Exhibit 4

### C. POOLED INDUSTRIAL DEVELOPMENT BOND PROGRAM

Approved Projects Exhibit 5

Geographic Distribution of Approved Projects Exhibit 6

### D. STAND-ALONE INDUSTRIAL DEVELOPMENT BOND PROGRAM

Approved Projects Exhibit 7

### E. MUNICIPAL FINANCE CONSOLIDATION PROGRAM

Summary of MCAF Participants - FY 87 Exhibit 8

Geographic Distribution of MCAF Participants - FY 87 Exhibit 9

Summary of MCAF Participants - FY 88 (Estimated) Exhibit 10

Summary of COP Participants - FY 88 (Estimated) Exhibit 11

Summary of INTERCAP Participants - FY 87 Exhibit 12

Geographic Distribution of INTERCAP Participants - FY 87 Exhibit 13

### F. MONTANA CAPITAL COMPANIES PROGRAM

List of Montana Capital Companies Exhibit 14



**EXHIBIT 1**

**MEDB APPROVED FINANCIAL INSTITUTIONS**

October 1987

**ABSAROKEE**

United Bank of Absarokee

**ANACONDA**

First Security Bank

**BAKER**

Bank of Baker

**BELGRADE**

Valley Bank

**BIG TIMBER**

Citizens Bank & Trust Co.

**BIGFORK**

Flathead Bank

**BILLINGS**

First Bank

First Interstate Bank

First Interstate-Heights

Norwest Bank

Western Bank

**BOZEMAN**

First Citizens Bank

First National Bank

First Security Bank

InterWest Bank of Montana

Montana Bank

**BROADUS**

Powder River Bank

**BUTTE**

First Bank

Miners Bank of Montana

Montana Bank

Norwest Bank Anaconda-Butte

**COLUMBIA FALLS**

Glacier National Bank

First Citizens Bank

**CONRAD**

Farmers State Bank

**DEER LODGE**

Peoples Bank

Pioneer Federal Svgs & Loan

**DILLON**

Norwest Bank

State Bank & Trust

**EUREKA**

First National Bank

**FAIRFIELD**

First National Bank

**FORSYTH**

Montana Bank

**GERALDINE**

First National Bank

**GLASGOW**

First Security Bank

Treasure State Bank

**GLENDIVE**

First Fidelity Bank

First National Bank

**GREAT FALLS**

Eastside Bank of Montana

Fidelity Svgs & Loan Assoc.

First Bank

First Bank West

First Interstate

Norwest Bank

Village Bank

**HARDIN**

Little Horn State Bank

**HAVRE**

First National Bank

First Security Bank

HELENA

American Federal Svgs & Loan  
Bank of Montana  
Development Corp. of Montana  
First Bank  
First Security Bank  
Norwest Bank  
Valley Bank

KALISPELL

First Federal Svgs Bank of MT  
First Interstate Bank  
First Security Bank  
Norwest Bank  
Valley Bank

LAUREL

First Security Bank  
Yellowstone Bank

LEWISTOWN

First National Bank  
Norwest Bank

LIBBY

First National Bank

LIVINGSTON

First Bank Livingston  
First Security Bank  
Montana Bank

MALTA

First State Bank  
First Security Bank

MILES CITY

First Interstate Bank  
First National Bank  
First Security Bank & Trust

MISSOULA

First Bank Southwide  
First Bank Western Montana  
First Interstate Bank  
First Security Bank  
Montana Bank South Missoula

PHILIPSBURG

Flint Creek Valley Bank

PLAINS

First National Bank

POLSON

First Citizens Bank  
Security State Bank

RONAN

Valley Bank  
Ronan State Bank

ROUNDUP

First Security Bank

ST. IGNATIUS

Lake County Bank

SEELEY LAKE

First Valley Bank

SIDNEY

Richland National Bank & Trust  
First United Bank

STEVENSVILLE

First State Bank

SUPERIOR

Montana Bank of Mineral County

TERRY

State Bank

THOMPSON FALLS

First State Bank

TWIN BRIDGES

First National Bank

WEST YELLOWSTONE

First Security Bank

WHITE SULPHUR SPRINGS

First National Bank

WHITEFISH

First National Bank  
Mountain Bank

WYOMING

Sundance State Bank

BORROWER	PROJECT DESCRIPTION	PROJECT LOCATION	BOARD'S SHARE	TOTAL PROJECT (approx.)	CC
Gates of the Mountains, Inc.	E	Helena	80,000	100,000	
David & Dionne Knutson d/b/a Knutson Dairy	B, E, WC	Charlo	303,353	337,059	
Continental Television Network, Inc.	E, WC	Great Falls	400,000 700,000	1,375,000	
Alcotech, Inc.	E, B, R	Ringling	840,000	1,050,000	
Teresa Kinney d/b/a Fox Hollow Residence Inn	WC	Great Falls	250,000	250,000	
Renfrow's, Inc.	B, E, WC, R	Columbia Fall	238,098	273,676	
Neifert-White Company	R	Townsend	179,699	179,699	
Lone Pine Products	L, B, E	Eureka	261,105	326,381	
Joe Bybee d/b/a Joe Bybee Logging	E, R	Thompson Fall	483,112	596,434	
DeVere Jones & Alice Jones d/b/a Lionshead Resort	B, E	W. Yellowston	500,000	625,000	
Millwood Systems, Inc.	I, WC, R	Missoula	230,939 162,149	491,361	
Martin & Patricia Geiger d/b/a Black Bear Dairy	R	Niarada	303,418	337,131	
Wayne & Geraldine Maughan	B, E, R	Ronan	157,500	175,000	
Tougas Enterprises, Inc.	E, I	Ronan	48,656	54,062	
Millwood Systems, Inc.	B	Missoula	208,000	260,000	
Thomas & Cheryl Harmon d/b/a Harmon's Agate & Silver Shop	L, B, E, I, R	Crane	28,000	35,000	
Flathead Concrete Products	L, B, E, R	Kalispell	192,770	260,500	
Raymond L. Bell	E, WC, R	Helena	333,680	388,000	
Howard & Joanna Dixon d/b/a Dixon & Dixon Post Pole	B, E, I, WC	W. Sulphur	117,000	150,000	
P. J. Andersons, Inc.	B, E, WC	Conrad	425,000	500,000	
Christer Brodin & Jeanne Blank d/b/a Brodin Landing Nets & Distlefink Designs	L, B, E	Belgrade	57,510	63,900	
George & Joan Bousliman d/b/a Tatem House Art Gallery	L, B, I	Helena	88,814	98,682	
Gary H. & Ava Shaefer d/b/a Montana Canvas Company	L, B, R	Belgrade	145,821	165,704	
Richard & Dorothy Todd	R	Sheridan	292,500 180,000	324,000 200,000	

BORROWER	PROJECT DESCRIPTION	PROJECT LOCATION	BOARD'S SHARE	TOTAL PROJECT (approx.)	CONSTRUCTION (approx.)
Owens & Hurst Lumber Co.	B, E	Eureka	770,000	1,100,000	75,000
State Publishing Co.	E, WC	Helena	375,000	500,000	0
Creative Sales	L, B, E, WC	Whitefish	984,464	1,230,580	100,000
Super 8 Motel of Butte	B, E	Butte	494,325 139,326	800,000	680,000
Independent Lumber	L, B, E	Missoula	216,600	285,000	285,000
Thomas & Cecilia Reiner	L, B	Bozeman	481,100	566,000	281,900
Vinson Timber Products, Inc.	B, E, R	Trout Creek	496,203 200,222	1,074,661	479,661
Flathead Lake Cherry Growers	B	Polson	240,000	300,000	300,000
Columbia Chemical Co., Inc.	WC	Helena	175,000	175,000	0
Western Seed & Supply Co.	B, E	Ronan	476,172	650,000	650,000
Hi-Country Beef Jerky	B, E	Lincoln	417,124	520,000	0
Jim Palmer Trucking	B	Missoula	215,462	270,000	138,500
Wm Akers & Patsy Akers d/b/a A & B Partnership	B, E	W. Yellowstone	136,000	417,671	60,000
Selway Corporation	B, E	Stevensville	179,541	199,490	94,084
Fredrick & Pauline Jasper d/b/a Super 8 Motel	B	St. Regis	463,500	500,000	500,000
Donald Turner & Gene E. Cook d/b/a Super 8 of Belgrade	B, E, I	Belgrade	495,000	360,150	550,000
Ronald D. Vander Veen d/b/a Western Montana Gem	L, B, E	Missoula	135,000	150,000	6,300
Big Sky Ski & Travel Mart	B, E, I, WC	Big Sky	175,500	195,000	135,000
Intermountain Lumber & Building Supply	L, B	Helena	318,961	434,995	434,995
John C. & Jean L. Felton	B, WC	Missoula	240,000	300,000	294,121
David & Valrie Lipka d/b/a New Creation Cabinetry	L, E, I, WC, R	Bozeman	244,800	306,000	0
Karrier Manufacturing, Inc.	E, I, WC, R	Kalispell	104,400	116,000	0
R & L Milleson and R & C Milleson d/b/a Blue Spruce Lodge & Tree Farm	B, E	Trout Creek	180,000	200,000	141,000
Hi Country Beef Jerky	R	Lincoln	275,386	275,386	0
Northwestern Lumber & Cedar	B, I, WC, R	St. Regis	435,500	650,000	40,000



CONSTRUCTION (approx.)	LOAN TYPE	TERM (years)	MEDB INTEREST	LENDER INTEREST	BLENDED RATE	LSF	6-30-87 STATUS	CURRENT LOAN BALANCE	PRINCIPAL REPAYMENTS
75,000	d. (FmHA)	15	10.77%	0.00%	11.77%	1.00%	Funded	692,114	77,886
0	d. (SBA)	15	11.47%	Variable	Variable	0.53%	Funded	336,463	38,537
100,000	Participation	10	10.71%	Variable	Variable	0.25%	Funded	840,979	143,485
680,000	d. (SBA)/ Participation	20	8.76% 9.79%	11.17%	10.71%	1.50% 2.00%	Funded Funded	480,851 135,622	13,474 3,704
265,000	Participation	15	10.12%	14.00%	11.83%	1.00%	Funded	204,658	11,942
201,900	d. (SBA)	20	8.98%	15.00%	11.59%	2.00%	Funded	468,973	12,127
475,661	d. (SBA)/ Participation	15	8.00% 8.95%	14.00%	10.22%	1.00% 1.00%	Funded Funded	480,296 193,312	15,907 6,910
300,000	Participation	20	9.78%	14.00%	12.22%	2.00%	Funded	216,997	23,003
0	Unk'd Dep.	10	10.11%	12.11%	12.11%	2.00%	Funded	167,560	7,440
650,000	d. (SBA)	10	8.64%	10.59%	10.59%	1.95%	Funded	428,454	47,718
0	d. (SBA)	18	8.76%	10.76%	10.76%	2.00%	Funded	403,213	13,911
138,500	d. (SBA)	20	8.98%	10.98%	10.98%	2.00%	Funded	210,125	5,337
60,000	d. (SBA)	20	9.18%	12.25%	11.39%	2.00%	Funded	130,658	5,342
94,084	d. (SBA)	15	6.60%	11.25%	8.87%	2.00%	Funded	175,553	3,988
500,000	d. (SBA)	20	7.01%	11.50%	9.26%	2.00%	Funded	455,430	8,070
550,000	d. (SBA)	20	9.32%	10.82%	10.82%	1.50%	Funded	486,527	8,473
6,300	d. (SBA)	20	9.32%	11.32%	11.32%	2.00%	Funded	131,422	3,578
135,000	d. (SBA)	20	8.37%	10.00%	10.00%	1.63%	Funded	171,676	3,824
434,995	Participation	20	10.10%	Variable	Variable	1.00%	Funded	312,365	6,596
294,121	Participation	10	7.30%	Variable	Variable	1.50%	Funded	221,365	18,635
0	d. (SBA)	15	8.91%	12.25%	11.18%	2.00%	Funded	235,936	8,864
0	d. (SBA)	5	8.42%	12.50%	10.63%	2.00%	Funded	79,972	24,428
141,000	d. (SBA)	15	6.39%	11.50%	8.70%	2.00%	Funded	179,788	212
0	Unk	7	8.95%	10.95%	10.95%	2.00%	Funded	250,107	25,279
40,000	d. (SBA)	15	8.82%	10.50%	10.50%	1.68%	Funded	426,122	9,378

BORROWER	PROJECT DESCRIPTION	PROJECT LOCATION	BOARD'S SHARE	TOTAL PROJECT (approx.)
Gates of the Mountains, Inc.	E	Helena	80,000	100,000
David & Dionne Knutson d/b/a Knutson Dairy	B, E, WC	Charlo	303,353	337,059
Continental Television Network, Inc.	E, WC	Great Falls	400,000 700,000	1,375,000
Alcotech, Inc.	E, B, R	Ringling	840,000	1,050,000
Teresa Kinney d/b/a Fox Hollow Residence Inn	WC	Great Falls	250,000	250,000
Renfrow's, Inc.	B, E, WC, R	Columbia Fall	238,098	213,676
Neifert-White Company	R	Townsend	179,699	179,699
Lone Pine Products	L, B, E	Eureka	261,105	326,381
Joe Bybee d/b/a Joe Bybee Logging	E, R	Thompson Fall	483,112	596,434
DeVere Jones & Alice Jones d/b/a Lionshead Resort	B, E	W. Yellowston	500,000	625,000
Millwood Systems, Inc.	I, WC, R	Missoula	230,939 162,149	491,361
Martin & Patricia Geiger d/b/a Black Bear Dairy	R	Niarada	303,418	337,131
Wayne & Geraldine Maughan	B, E, R	Ronan	157,500	175,000
Tougas Enterprises, Inc.	E, I	Ronan	48,656	54,062
Millwood Systems, Inc.	B	Missoula	208,000	260,000
Thomas & Cheryl Harmon d/b/a Harmon's Agate & Silver Shop	L, B, E, I, R	Crane	28,000	35,000
Flathead Concrete Products	L, B, E, R	Kalispell	192,770	260,500
Raymond L. Bell	E, WC, R	Helena	333,680	388,000
Howard & Joanna Dixon d/b/a Dixon & Dixon Post Pole	B, E, I, WC	W. Sulphur	117,000	150,000
P. J. Andersons, Inc.	B, E, WC	Conrad	425,000	500,000
Christer Brodin & Jeanne Blank d/b/a Brodin Landing Nets & Distlefink Designs	L, B, E	Belgrade	57,510	63,900
George & Joan Bousliman d/b/a Tatem House Art Gallery	L, B, I	Helena	88,814	98,682
Gary H. & Ava Shaefer d/b/a Montana Canvas Company	L, B, R	Belgrade	145,821	165,704
Richard & Dorothy Todd	R	Sheridan	292,500 180,000	325,000 200,000

INSTRUCTION (approx.)	LOAN TYPE	TERM (years)	MEDB INTEREST	LENDER INTEREST	BLENDED RATE	LSF	6-30-87 STATUS	CURRENT LOAN BALANCE	PRINCIPAL REPAYMENTS
0	Participation	7	7.17%	12.50%	9.84%	2.00%	Funded	67,623	12,377
3,000	Fed. (SBA)	7	8.45%	10.45%	10.45%	2.00%	Funded	276,024	27,329
0	Link Participation	8	6.62% 6.98%	8.62% Variable	8.62% Variable	2.00% 0.00%	Funded Funded	400,000 700,000	0 0
30,000	Participation	10	6.83%	Variable	Variable	1.50%	Funded	805,664	
0	Link	15	8.92%	10.92%	10.92%	2.00%	Funded	242,998	7,002
95,000	Fed. (SBA)	15	8.43%	12.25%	10.66%	2.00%	Funded	227,992	10,106
0	Link	15	8.53%	10.53%	10.53%	2.00%	Funded	176,633	3,066
77,000	Participation	7	7.03%	13.00%	9.82%	2.00%	Funded	241,768	19,337
0	Fed. (SBA)	5	6.95%	8.95%	8.95%	2.00%	Funded	401,181	81,931
521,000	Fed. (SBA)	20	6.56%	Variable	Variable	2.00%	Funded	491,719	8,281
0	Fed. (SBA) Participation	7	6.77% 7.56%	12.25%	9.73%	2.00% 2.00%	Funded Funded	224,390 156,680	6,549 5,469
0	Fed. (FmHA)	7	6.49%	11.00%	8.74%	2.00%	Funded	289,132	14,286
30,000	Fed. (FmHA)	10	6.64%	8.64%	8.64%	2.00%	Funded	157,500	0
0	Fed. (FmHA)	7	6.49%	8.49%	8.49%	2.00%	Funded	43,626	5,030
208,000	SBA 504	15	7.80%	Variable	Variable	2.00%	Funded	206,958	1,042
2,000	Fed. (SBA)	7	6.39%	12.00%	9.11%	2.00%	Funded	24,222	3,778
154,031	Fed. (SBA)	20	6.76%	Variable	Variable	2.00%	Funded	192,222	548
0	Fed. (SBA)	15	6.51%	Variable	Variable	2.00%	Funded	322,636	11,044
10,000	Fed. (SBA)	10	6.19%	Variable	Variable	2.00%	Funded	109,384	7,616
70,000	Fed. (SBA)	10	7.27%	10.75%	8.43%	0.75%	Funded	420,191	4,809
24,800	Fed. (SBA)	20	6.61%	8.61%	8.61%	2.00%	Funded	56,585	925
0	Fed. (SBA)	20	6.43%	11.75%	8.77%	2.00%	Funded	87,403	1,411
100,000	Fed. (SBA)	20	6.60%	11.75%	8.98%	2.00%	Funded	142,939	2,882
0	Fed. (FmHA) Fed. (FmHA)	7 20	6.88% 7.23%	8.00% 8.00%	8.00% 8.00%	1.12% 0.77%	Funded Funded	292,500 180,000	0 0

BORROWER	PROJECT DESCRIPTION	PROJECT LOCATION	BOARD'S SHARE	TOTAL PROJECT (approx.)	CONSTRUCTION (approx.)
King Tool, Inc.	L, B, E, WC	Bozeman	480,763	593,534	370,000
Richland Yellowstone Manufacturing, Inc.	L, B, I, WC	Sidney	204,050	291,500	17,000
Kenneth & Delene Tufly d\b\ a Lazy 2 T Angus Ranch	WC, R	Dixon	225,000	250,000	0
Alphonse & Irma Clairmont	E, I, WC	Ronan	225,000	250,000	0
Ray & Cleona Lybeck d/b\ a Lybeck Dairy Farm	WC, R	Kalispell	315,000 117,000	350,000 130,000	0
Stanley & Barbara Frost d/b\ a Stanley K. Frost Logging	R	Eureka	111,601	148,801	0
Barry & Shirley Baker	R	Ronan	114,525	127,250	0
Dan Siderius	L	Kalispell	180,000	200,000	0
Compleat Angler, Inc.	WC, E, L, I, R	Helena	52,138	65,172	0
Dean & Linda Knutson	WC, R	Polson	330,000	412,500	0
Vince E. Maddio d\b\ a Maddio's Hairstyling & Cosmo	B, L	Helena	140,600	185,000	0
Laurel Nursing Home	B, E,	Laurel	440,000	880,000	1,210,000
Kenneth & Nancy Holdeman d\b\ a Mountain View Merchantile	WC, R	Big Sky	78,791	98,489	0
Flathead Post & Pole	B, E	Dixon	317,889	353,210	161,100
William & Robben Sipes d\b\ a Diversified Computing	WC, E, R	Kalispell	177,598	221,997	0
Dean Yonkovich d\b\ a Chalet Market Sausage Co., Inc.	WC, R	Belgrade	40,000	50,000	0
John Tecca d\b\ a John's IGA	B, E, L	Livingston	572,000	715,000	27,548
Joel & Terry Clairmont	E, I	Ronan	84,600	94,000	0
Montana Signworks, Inc.	WC, B, E	Helena	131,250	175,000	12,000
Linzee & Alice Brockmeyer d\b\ a Logcrafters Log Homes	WC, E, I, R	St. Ignatius	54,548	68,185	20,000
Montana Pollen & Herbs, Inc.	WC, E, I, R	Arlee	75,778	108,254	0
Vern & Laura Jo Frisk d\b\ a Vern Frisk Trucking	WC, B, R	Pablo	185,208	231,510	30,000
Kevin & Karen Boehler d\b\ a Elk River Printing	B, E	Sidney	81,700	95,000	55,000
Homer V. Tolliver d\b\ a Tripple Creek Ranch	B, L	Darby	448,809	598,411	571,500
City Transfer & Storage Co., Inc.	WC, E, R	Bozeman	97,483	121,854	20,000

	LOAN TYPE	TERM (years)	MEDB INTEREST	LENDER INTEREST	BLENDED RATE	LSF	6-30-87 STATUS	CURRENT LOAN BALANCE	PRINCIPAL REPAYMENTS
	Fed. (FmHA)	20	6.72%	11.25%	9.20%	2.00%	Funded	474,071	6,692
	Fed. (FmHA)	15	6.60%	11.75%	9.55%	2.00%	Funded	197,583	6,467
	Fed. (FmHA)	20	7.96%	9.96%	9.96%	2.00%	Funded	225,000	0
	Fed. (FmHA)	15	7.87%	9.87%	9.87%	2.00%	Funded	225,000	0
	Fed. (FmHA)	7	6.77%	8.00%	8.00%	1.23%	Funded	282,605	32,395
		20	7.01%	8.00%	8.00%	0.99%	Funded	113,813	3,187
	Fed. (SBA)	7	8.24%	Variable	Variable	2.00%	Funded	104,974	6,627
	Fed. (FmHA)	7	7.79%	Variable	Variable	2.00%	Funded	111,137	3,388
	Fed. (FmHA)	15	7.67%	12.00%	9.90%	2.00%	Funded	162,463	17,537
	Fed. (SBA)	10	7.35%	10.00%	9.48%	2.00%	Funded	50,272	1,866
	Participation	10	8.29%	Variable	Variable	2.00%	Funded	330,000	0
	Fed. (SBA)	20	7.77%	10.75%	9.91%	2.00%	Funded	140,502	98
	SBA 504	20	8.53%	Variable	Variable	2.00%	Committed	N/A	N/A
	Fed. (SBA)	7	7.24%	11.75%	9.74%	2.00%	Funded	72,897	5,894
	Fed. (BIA)	10	7.40%	9.25%	9.25%	1.85%	Committed	N/A	N/A
	Fed. (SBA)	7	7.80%	9.75%	9.39%	1.50%	Funded	174,421	3,177
	Fed. (SBA)	10	7.37%	10.00%	9.09%	1.50%	Funded	38,354	1,646
	SBA 504	20	9.15%	Variable	Variable	2.00%	Funded	568,700	3,300
	Fed. (FmHA)	7	7.17%	9.17%	9.17%	2.00%	Committed	N/A	N/A
	Fed. (SBA)	15	7.86%	9.45%	9.45%	1.60%	Funded	130,867	383
	Fed. (SBA)	10	7.24%	10.25%	9.44%	2.00%	Funded	53,917	631
	Fed. (SBA)	7	7.09%	10.25%	9.44%	2.00%	Funded	74,455	1,323
	Fed. (SBA)	6	7.00%	10.25%	10.25%	2.00%	Funded	180,991	4,217
	Fed. (SBA)	15	7.91%	10.25%	9.27%	1.21%	Funded	81,062	638
	Fed. (SBA)	15	7.94%	9.44%	9.44%	1.51%	Funded	445,299	3,510
	Fed. (SBA)	10	7.14%	10.25%	9.36%	2.00%	Funded	96,337	1,146

BORROWER	PROJECT DESCRIPTION	PROJECT LOCATION	BOARD'S SHARE	TOTAL PROJECT (approx.)
Anderson Development	B, L, R	Helena	369,700	369,700
Connolly, Mistal & Wright Partnership	B, L	Billings	127,080	158,850
Eric Pierce & Marc Pierce d\b\ a Big Sky Carvers Ptnrshp	B, E, R	Bozeman	190,000	237,500
Mason Ranches, Inc	WC, R	Hall	295,200	328,000
Hargrave Charolais Ranch, Inc.	R	Marion	222,300	247,000
McGowan Ranch Partnership	WC, I, R	Hall	315,000	350,000
Merle & Carol Anderson	WC, R	Polson	135,000	150,000
Jensen Ranch Company	R	Hall	270,000 252,000	580,000
Harold & Shirley Tutvedt	R	Kalispell	270,000 166,500	485,000
Paul & Sharon Tutvedt	R	Kalispell	270,000 166,500	485,000
Ragnar Pettersson & Bruce Wood d\b\ a R. B. Investments Partnership	WC, B, E, R	Helena	493,000	725,000
Bell & Associates, Inc.	B, L	Helena	382,500	450,000
Naughty Pines Chicken Farms Ptnrshp	WC, B, E	Whitefish	79,611 340,640	548,279
Fred & Dorene Parker	I, R	Drummond	221,895	246,550
Americlean Corporation	WC, R	Billings	156,800	196,000
Dave Campbell & High-Noon, Inc. d\b\ a Crossroads Truck Center	WC, B, E, I, R	Missoula	200,000	250,000
Stephen & Helen McDonnell d\b\ a Circle S Seeds	B, E	Three Forks	136,000	160,000
Robyn A. Andre d\b\ a The Pasta Pantry	B, E	Helena	44,960	56,200
Flathead Lumber Company, Inc.	B, E	Polson	499,590 155,610	819,000
Moreland Sheep Mountain Ranch, Inc.	R	Springdale	360,000	400,000
Steven & Jean Schnee	B, L, R	Bozeman	135,600	169,500
John R. Daily, Inc.	B, E	Missoula	490,583	721,445
Ridder Ranch Company	R	Whitehall	270,000	300,000

B - Building  
 WC - Working Capital  
 E - Equipment  
 I - Inventory  
 L - Land  
 R - Refinance

CONSTRUCTION (approx.)	LOAN TYPE	TERM (years)	MEDB INTEREST	LENDER INTEREST	BLENDED RATE	LSF	6-30-87 STATUS	CURRENT LOAN BALANCE	PRINCIPAL REPAYMENTS
369,700	Participation	20	7.59%	0.00%	7.97%	0.38%	Funded	365,478	4,222
0	SBA 504	20	8.87%	Variable	Variable	1.00%	Committed	N/A	N/A
30,800	Fed. (SBA)	15	7.75%	9.50%	9.50%	1.76%	Funded	190,000	0
0	Fed. (FmHA)	7	7.02%	8.75%	8.75%	1.73%	Funded	295,200	0
0	Fed. (FmHA)	15	7.62%	9.00%	9.00%	1.38%	Funded	222,300	0
0	Fed. (FmHA)	7	7.02%	8.75%	8.75%	1.73%	Funded	315,000	0
0	Fed. (FmHA)	6	7.29%	Variable	Variable	2.00%	Funded	135,000	0
0	Fed. (FmHA)	20	8.76%	9.78%	9.78%	1.02%	Committed	N/A	N/A
	Fed. (FmHA)	7	8.10%	9.35%	9.35%	1.25%	Committed	N/A	N/A
0	Fed. (FmHA)	15	8.73%	9.50%	9.50%	0.77%	Funded	270,000	0
		7	8.37%	9.25%	9.25%	0.88%	Funded	166,500	0
0	Fed. (FmHA)	15	8.73%	9.50%	9.50%	0.77%	Funded	270,000	0
		7	8.37%	9.25%	9.25%	0.88%	Funded	166,500	0
335,146	Fed. (SBA)	15	8.63%	9.25%	9.25%	0.63%	Committed	N/A	N/A
370,000	Fed. (SBA)	15	8.63%	9.75%	9.75%	1.13%	Committed	N/A	N/A
291,000	Fed. (SBA)	14	8.81%	Variable	Variable	1.50%	Committed	N/A	N/A
		15	8.86%	Variable	Variable	0.75%	Committed	N/A	N/A
0	Fed. (FmHA)	7	8.44%	9.50%	9.50%	1.06%	Committed	N/A	N/A
0	Fed. (SBA)	15	8.94%	Variable	Variable	1.00%	Funded	156,800	0
50,000	Fed. (SBA)	7	8.60%	Variable	Variable	2.00%	Committed	N/A	N/A
38,000	Fed. (SBA)	15	9.06%	Variable	Variable	1.00%	Committed	N/A	N/A
56,200	Fed. (SBA)	10	8.84%	11.00%	10.87%	2.00%	Funded	44,960	0
301,200	Fed. (SBA) Participation	10	8.35% 9.04%	11.00%	10.60%	2.00% 1.96%	Committed	N/A	N/A
0	Fed. (FmHA)	7	8.47%	9.11%	9.11%	0.64%	Committed	N/A	N/A
0	Fed. (SBA)	20	9.03%	Variable	Variable	0.50%	Committed	N/A	N/A
725,000	Fed. (SBA)	10	8.40%	9.40%	9.40%	1.00%	Committed	N/A	N/A
0	Fed. (FmHA)	20	8.61%	9.25%	9.25%	0.64%	Committed	N/A	N/A

CONSTRUCTION (approx.)	LOAN TYPE	TERM (years)	MEDB INTEREST	LENDER INTEREST	BLENDED RATE	LSF	6-30-87 STATUS	CURRENT LOAN BALANCE	PRINCIPAL REPAYMENTS
369,700	Participation	20	7.59%	0.00%	7.97%	0.38%	Funded	365,478	4,222
0	SBA 504	20	8.87%	Variable	Variable	1.00%	Committed	N/A	N/A
30,800	Fed. (SBA)	15	7.75%	9.50%	9.50%	1.76%	Funded	190,000	0
0	Fed. (FmHA)	7	7.02%	8.75%	8.75%	1.73%	Funded	295,200	0
0	Fed. (FmHA)	15	7.62%	9.00%	9.00%	1.38%	Funded	222,300	0
0	Fed. (FmHA)	7	7.02%	8.75%	8.75%	1.73%	Funded	315,000	0
0	Fed. (FmHA)	6	7.29%	Variable	Variable	2.00%	Funded	135,000	0
0	Fed. (FmHA)	20	8.76%	9.78%	9.78%	1.02%	Committed	N/A	N/A
	Fed. (FmHA)	7	8.10%	9.35%	9.35%	1.25%	Committed	N/A	N/A
0	Fed. (FmHA)	15	8.73%	9.50%	9.50%	0.77%	Funded	270,000	0
		7	8.37%	9.25%	9.25%	0.88%	Funded	166,500	0
0	Fed. (FmHA)	15	8.73%	9.50%	9.50%	0.77%	Funded	270,000	0
		7	8.37%	9.25%	9.25%	0.88%	Funded	166,500	0
335,146	Fed. (SBA)	15	8.63%	9.25%	9.25%	0.63%	Committed	N/A	N/A
370,000	Fed. (SBA)	15	8.63%	9.75%	9.75%	1.13%	Committed	N/A	N/A
291,000	Fed. (SBA)	14	8.81%	Variable	Variable	1.50%	Committed	N/A	N/A
		15	8.86%	Variable	Variable	0.75%	Committed	N/A	N/A
0	Fed. (FmHA)	7	8.44%	9.50%	9.50%	1.06%	Committed	N/A	N/A
0	Fed. (SBA)	15	8.94%	Variable	Variable	1.00%	Funded	156,800	0
50,000	Fed. (SBA)	7	8.60%	Variable	Variable	2.00%	Committed	N/A	N/A
38,000	Fed. (SBA)	15	9.06%	Variable	Variable	1.00%	Committed	N/A	N/A
56,200	Fed. (SBA)	10	8.84%	11.00%	10.87%	2.00%	Funded	44,960	0
301,200	Fed. (SBA)	10	8.35%	11.00%	10.60%	2.00%	Committed	N/A	N/A
	Participation		9.04%			1.96%			
0	Fed. (FmHA)	7	8.47%	9.11%	9.11%	0.64%	Committed	N/A	N/A
0	Fed. (SBA)	20	9.03%	Variable	Variable	0.50%	Committed	N/A	N/A
725,000	Fed. (SBA)	10	8.40%	9.40%	9.40%	1.00%	Committed	N/A	N/A
0	Fed. (FmHA)	20	8.61%	9.25%	9.25%	0.64%	Committed	N/A	N/A



# EXHIBIT 3

## Coal Tax Loan Program

### Legislative Criteria on Approved Loans

BORROWER	PROJECT LOCATION	S vs. NS	JOBS EXISTING	JOBS CREATED (est.)	ECONOMIC RETURN	SIC
Owens & Hurst Lumber Co.	Eureka	NS	95	11	13.9%	24
State Publishing Co.	Helena	S	22	5	14.7%	27
Creative Sales	Whitefish	S	24	90	19.5%	34
Super 8 Motel of Butte	Butte	S	0	20	14.6%	70
Independent Lumber	Missoula	NS	23	3	17.6%	24
Thomas & Cecilia Reiner	Bozeman	S	13	1	10.3%	42
Vinson Timber Products, Inc.	Trout Creek	NS	28	10	12.1%	24
Flathead Lake Cherry Growers	Polson	NS	50	8	14.6%	7
Columbia Chemical Co., Inc.	Helena	S	12	8	15.8%	28
Western Seed & Supply Co.	Ronan	S	18	4	10.3%	51
Hi-Country Beef Jerky	Lincoln	S	39	40	13.6%	20
Jim Palmer Trucking	Missoula	S	61	17	16.8%	42
Wm Akers & Patsy Akers d/b/a A & B Partnership	West Yellowstone	S	2	8	12.2%	39
Selway Corporation	Stevensville	S	50	10	17.2%	34
Fredrick & Pauline Jasper d/b/a Super 8 Motel	St. Regis	S	0	5	9.5%	70
Donald Turner & Gene E. Cook d/b/a Super 8 of Belgrade	Belgrade	S	0	12	11.8%	70
Ronald D. Vander Veen d/b/a Western Montana Gem	Missoula	S	1	2	10.6%	39
Big Sky Ski & Travel Mart	Big Sky	S	0	10	12.7%	53
Intermountain Lumber & Building Supply	Helena	S	27	2	14.4%	52
John C. & Jean L. Felton	Missoula	NS	20	10	15.9%	35
David & Valrie Lipka d/b/a New Creation Cabinetry	Bozeman	NS	7	2	10.1%	24

BORROWER	PROJECT LOCATION	S vs. NS	JOBS EXISTING	JOBS CREATED (est.)	ECONOMIC RETURN	SIC
Karrier Manufacturing, Inc.	Kalispell	S	7	23	13.3%	30
Blue Spruce Lodge & Tree Farm	Trout Creek	S	0	3	10.8%	70
Hi Country Beef Jerky	Lincoln	S	39	0	15.7%	20
Northwestern Lumber & Cedar	St. Regis	NS	20	6	9.4%	24
Gates of the Mountains, Inc.	Helena	S	9	3	12.1%	44
David & Dionne Knutson d/b/a Knutson Dairy	Charlo	S	3	1	9.2%	2
Continental Television Network, Inc.	Great Falls	S	0	34	17.4%	48
Alcotech, Inc.	Ringling	S	16	9	11.2%	28
Teresa Kinney d/b/a Fox Hollow Residence Inn	Great Falls	S	5	2	9.1%	70
Renfrow's, Inc.	Columbia Falls	NS	11	2	10.9%	24
Neifert-White Company	Townsend	S	7	1	8.9%	52
Lone Pine Products	Eureka	NS	0	6	11.2%	24
Joe Bybee d/b/a Joe Bybee Logging	Thompson Falls	NS	9	6	7.3%	24
DeVere Jones & Alice Jones d/b/a Lionshead Resort	West Yellowstone	S	15	10	10.6%	70
Millwood Systems, Inc.	Missoula	S	51	19	9.4%	25
Martin & Patricia Geiger d/b/a Black Bear Dairy	Niarada	S	4	0	7.5%	2
Wayne & Geraldine Maughan	Ronan	NS	4	1	8.1%	1
Tougas Enterprises, Inc.	Ronan	S	1	2	10.1%	28
Millwood Systems, Inc.	Missoula	S	NA	NA	9.4%	25
Thomas & Cheryl Harmon d/b/a Harmon's Agate & Silver Shop	Crane	S	2	1	11.3%	39
Flathead Concrete Products	Kalispell	S	3	3	13.0%	32
Raymond L. Bell	Helena	S	22	3	7.8%	27

BORROWER	PROJECT LOCATION	S vs. NS	JOBS EXISTING	JOBS CREATED (est.)	ECONOMIC RETURN	SIC
Howard & Joanna Dixon d/b/a Dixon & Dixon Post Pole	W Sulphur Springs	NS	1	2	8.7%	24
P. J. Andersons, Inc.	Conrad	S	7	2	10.99%	7
Christer Brodin & Jeanne Blank d/b/a Brodin Landing Nets & Distlefink Designs	Belgrade	S	1	2	8.2%	39
George & Joan Bousliman d/b/a Tatem House Art Gallery	Helena	S	2	0	6.4%	59
Gary H. & Ava Shafer d/b/a Montana Canvas Company	Belgrade	S	5	3	9.4%	23
Richard & Dorothy Todd	Sheridan	NS	4	2	8.9%	2
King Tool, Inc.	Bozeman	S	22	8	8.0%	34
Richland Yellowstone Manufacturing, Inc.	Sidney	S	5	4	7.2%	31
Kenneth & Delene Tufly d\b\A Lazy 2 T Angus Ranch	Dixon	NS	2	0	9.79%	1
Alphonse & Irma Clairmont	Ronan	NS	3	0	7.87%	2
Ray & Cleona Lybeck d/b/a Lybeck Dairy Farm	Kalispell	S	9	5	7.2%	2
Stanley & Barbara Frost d/b/a Stanley K. Frost Logging	Eureka	NS	14	0	19.0%	24
Barry & Shirley Baker	Ronan	S	4	0	23.5%	2
Dan Siderius	Kalispell	NS	1	0	7.67%	1
Compleat Angler, Inc.	Helena	S	3	2	8.11%	39
Dean & Linda Knutson	Polson	S	4	130	19.82%	38
Vince E. Maddio d\b\A Maddio's Hairstyling & Cosmo	Helena	S	3	3	11.98%	72
Laurel Nursing Home	Laurel	S	25	10	21.62%	80
Kenneth & Nancy Holdeman d\b\A Mountain View Merchantile	Big Sky	S	2	2	7.53%	52
Flathead Post & Pole	Dixon	NS	30	58	7.44%	24

BORROWER	PROJECT LOCATION	S vs. NS	JOBS EXISTING	JOBS CREATED (est.)	ECONOMIC RETURN	SIC
William & Robben Sipes d\b\ a Diversified Computing	Kalispell	NS	12	1	9.62%	73
Dean Yonkovich d\b\ a Chalet Market Sausage Co., Inc.	Belgrade	S	7	2	8.60%	20
John Tecca d\b\ a John's IGA	Livingston	S	55	15	11.26%	54
Joel & Terry Clairmont	Ronan	NS	2	1	7.17%	2
Montana Signworks, Inc.	Helena	S	7	2	10.06%	27
Linzee & Alice Brockmeyer d\b\ a Logcrafters Log Homes	St. Ignatius	NS	4	7	12.57%	24
Montana Pollen & Herbs, Inc.	Arlee	S	12	10	11.72%	28
Vern & Laura Jo Frisk d\b\ a Vern Frisk Trucking	Pablo	S	4	0	9.98%	42
Kevin & Karen Boehler d\b\ a Elk River Printing	Sidney	S	3	2	10.59%	27
Homer V. Tolliver d\b\ a Tripple Creek Ranch	Darby	S	0	20	11.85%	70
Wallice R Weivoda	Polson	S	25	105	10.86%	73
City Transfer & Storage Co., Inc.	Bozeman	S	8	1	8.49%	42
Anderson Development	Helena	S	0	0	7.59%	65
Connolly, Mistal & Wright Partnership	Billings	S	11	3	10.23%	80
Eric Pierce & Marc Pierce d\b\ a Big Sky Carvers Ptnrshp	Bozeman	S	9	4	9.46%	39
Mason Ranches, Inc	Hall	NS	5	3	8.17%	2
Hargrave Charolais Ranch, Inc.	Marion	NS	3	0	7.91%	2
McGowan Ranch Partnership	Hall	NS	4	3	7.60%	2
Merle & Carol Anderson	Polson	S	10	0	7.29%	8
Jensen Ranch Company	Hall	NS	6	4	8.84%	2
Harold & Shirley Tutvedt	Kalispell	NS	5	0	8.89%	2
Paul & Sharon Tutvedt	Kalispell	NS	4	0	8.98%	2

BORROWER	PROJECT LOCATION	S vs. NS	JOBS EXISTING	JOBS CREATED (est.)	ECONOMIC RETURN	SIC
Ragnar Pettersson & Bruce Wood d\b\ a R. B. Investments Partnership	Helena	S	10	4	10.45%	32
Bell & Associates, Inc.	Helena	NS	30	2	11.88%	16
Naughty Pines Chicken Farms Ptnrshp	Whitefish	NS	2	15	11.39%	2
Fred & Dorene Parker	Drummond	NS	4	3	8.82%	2
Americlean Corporation	Billings	S	25	3	8.99%	67
Dave Campbell & High-Noon, Inc. d\b\ a Crossroads Truck Center	Missoula	S	17	1	8.91%	55
Stephen & Helen McDonnell d\b\ a Circle S Seeds	Three Forks	S	0	2	10.81%	7
Robyn A. Andre d\b\ a The Pasta Pantry	Helena	S	5	1	9.48%	20
Flathead Lumber Company, Inc.	Polson	NS	50	10		24
Moreland Sheep Mountain Ranch, Inc.	Springdale	NS	2	0		2
Steven & Jean Schnee	Bozeman	S	5	8	11.78%	30
John R. Daily, Inc.	Missoula	S	75	25	18.35%	20
Ridder Ranch Company	Whitehall	NS	3	0	13.05%	2

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NS - Nonstable

S - Stable

SIC - Standard Industrial Code

SIC GROUPS	# OF LOANS	ECONOMIC SECTOR	PERCENT OF PORTFOLIO
01-09	24	Agriculture, Forestry & Fisheries	17%
15-17	1	Construction	1%
20-39	42	Manufacturing	29%
40-49	6	Transportation & Public Utilities	5%
50-51	2	Wholesale Trade	1%
52-59	8	Retail Trade	5%
60-67	2	Finance, Insurance & Real Estate	0
70-89	12	Services	10%
		Sub-Total	<u>69%</u>
		STIP Funds Uncommitted	31%
		TOTAL	<u>100%</u> =====

MONTANA

EXHIBIT 4

Coal Tax Loans





# EXHIBIT 5

## Pooled Industrial Development Bond Program

### Approved Projects

BORROWER	PROJECT DESCRIPTION	PROJECT LOCATION	CURRENT BALANCE	TOTAL PROJECT (approx.)	CONSTRUCTION (approx.)	BOND ISSUE	TERM (years)	EBR	6-30-87 STATUS
Larry and Leona Reed d/b/a Montana Claims Service	office building	Billings	\$55,167	\$70,000	\$55,000	1	15	12.65%	Funded
Michael Torgerson & Tom Wiggin Partnership	office building	Kalispell	399,167	450,000	400,000	1	15	12.73%	Funded
Montana Family Chiropractic Center	medical office building	Kalispell	200,167	250,000	160,000	1	20	12.72%	Funded
New Horizon Partnership	surgical outpatient center	Kalispell	788,333	806,000	652,000	1	20	12.70%	Funded
Kalispell Electric, Inc.	wholesale store building	Kalispell	331,750	389,000	307,000	1	15	12.81%	Funded
Dolores M. Young	warehouse space	Kalispell	180,750	186,000	175,000	1	20	12.88%	Funded
Medical Arts Block Partnership	medical office building	Helena	979,500	1,325,000	900,000	1	20	12.71%	Funded
Richard and Judith Mohrenweiser	office building	Kalispell	233,408	312,960	225,000	2	20	11.94%	Funded
Clyde E. DeShields	retail building	Big Sky	160,959	275,000	155,660	2	15	11.82%	Funded
Professional Properties Partnership	optometric office building	Helena	284,704	485,500	175,000	2	20	12.30%	Funded
Valley Center Development Partnership	shopping center	Belgrade	311,713	348,000	300,000	2	20	11.94%	Funded
Blue and White Motel, Inc.	motel renovation	Kalispell	155,595	176,700	150,000	2	20	12.29%	Funded
Prune Peddlers, Inc.	equip grocery store	Whitefish	607,045	737,500	625,000	2	10	11.68%	Funded
Charles and Marcella Bishop	office building	Polson	177,591	238,240	161,500	2	20	12.29%	Funded
Steven and Sara Black Welder	school building	Kalispell	74,792	94,320	72,000	2	20	11.83%	Funded
HCP Corporation	retail building	Billings	555,875	644,000	83,000	2	20	11.93%	Funded
New York Block Partnership	office & retail building	Helena	656,650	1,093,100	120,000	2	20	11.95%	Funded
Glenn Dyck	retail building	Whitefish	265,387	315,776	260,000	2	15	12.09%	Funded
William Davies and Griffith Davies III	steel building	Missoula	0	654,337	437,900	2	20	12.12%	Retired Bonds

EBR - Effective Borrowing Rate

1 - Sold Dec. 20, 1984, \$3.65 million

2 - Sold Oct. 17, 1985, \$4.925 million



# MONTANA

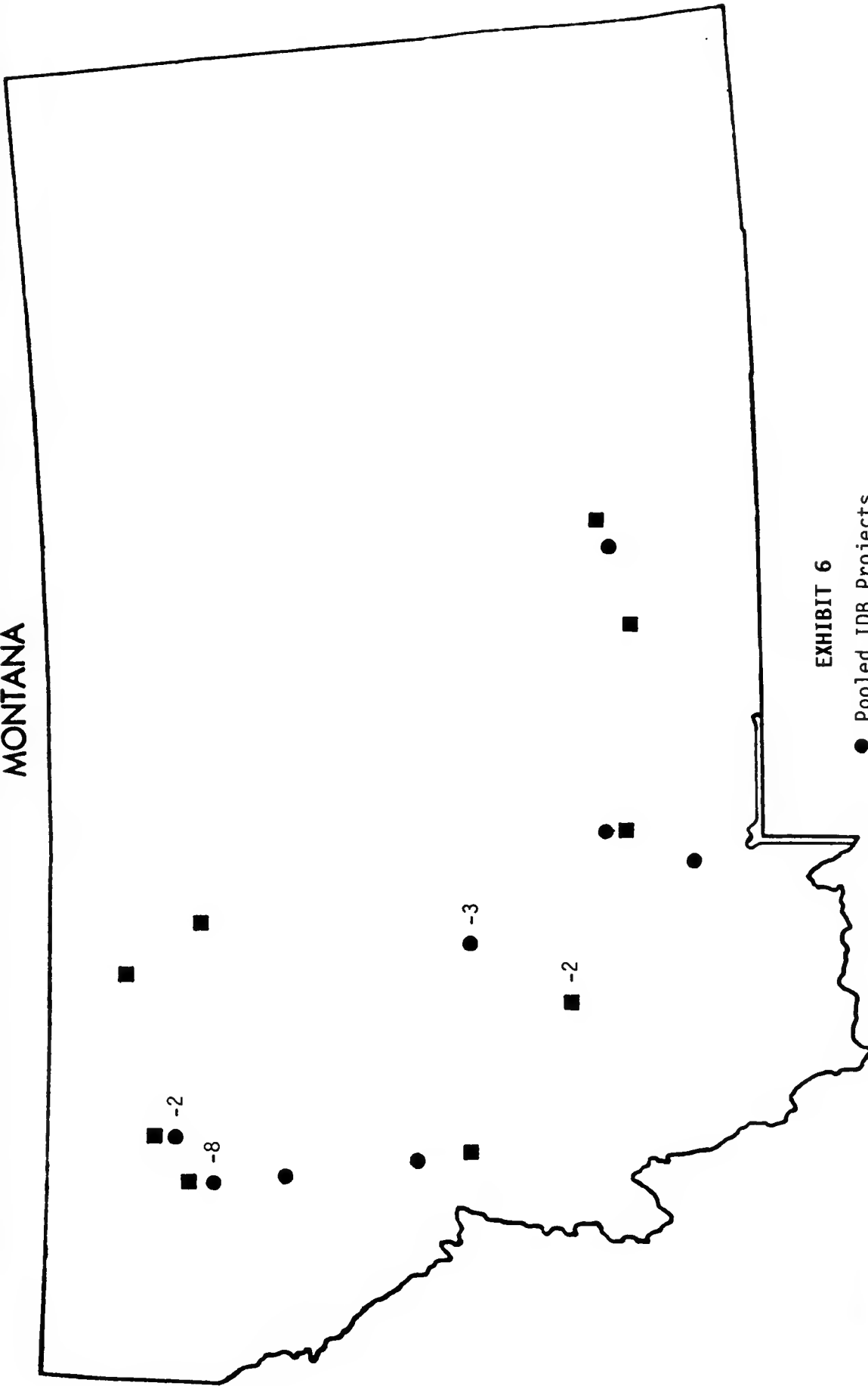


EXHIBIT 6

- Pooled IDB Projects
- Stand-Alone IDB Projects





# EXHIBIT 7

## Stand-Alone Industrial Development Bond Program

Approved Projects - FY 87

BORROWER	PROJECT DESCRIPTION	PROJECT LOCATION	TOTAL PROJECT (approx.)	LOAN AMOUNT	6-30-87 STATUS
Butler Creek Corporation	manufacturing plant	Bozeman	350,000	350,000	Funded
Farmers Union Central Exchange, Inc. (CENEX)	pipeline	Cut Bank	5,600,000	3,925,000	Funded
Montana Progress Limited Partnership I, II, III	motel motel motel & restaurant	Columbus Conrad Butte	5,000,000	5,000,000	Funded
Wintersports, Inc.	ski resort	Whitefish	3,200,000	3,200,000	Funded
Zenith Management Company	motel	Bozeman	6,000,000	5,130,000	Funded
Stansbury Mining Corporation	mine (tax-exempt)	Hamilton	6,805,000	6,805,000	Induced
Stansbury Mining Corporation	mine (taxable)	Hamilton	9,190,357	9,190,357	Induced



# EXHIBIT 8

## Montana Cash Anticipation Program - FY87

<u>Local Government Units</u>	<u>Notes Purchased by the Board</u>	<u>Effective Interest Rate</u>
Basin Elementary School Dist. #5	\$ 10,618	4.29%
Boulder Grade School Dist. #7	154,774	6.00
Bozeman, City of	1,036,827	0.14
Bridger Elementary School	77,374	---
Bridger High School	87,414	---
Butte-Silver Bow, City/County	3,175,252	2.89
Butte-Silver Bow Elementary School	2,219,676	0.00
Butte-Silver Bow High School	1,931,346	0.00
Cascade County	2,819,316	4.24
Chinook, City of	93,400	---
Custer Public Elementary School	155,490	---
Custer Public High School	104,955	---
Fergus County	405,323	---
Fort Peck, Town of	67,240	---
Glacier County	694,300	---
Glendive, City of	34,300	5.19
Helena, City of	335,967	---
Jefferson High School Dist. #1	269,348	3.38
Lewis & Clark County	811,835	0.00
Lewis & Clark County SD #2 (Kessler)	28,032	0.00
Lewistown, City of	291,127	4.79
Lolo School Dist. #7	56,472	5.79
Madison County	81,343	2.36
Malta, City of	82,075	5.65
Malta Elementary School	259,366	0.00
Malta High School	216,949	0.00
Miles City, City of	500,702	5.30
Missoula, City of	1,500,000	---
Missoula County	3,493,128	---
Ravalli County	256,000	4.64
Savage High School	32,320	5.98
Seville Public Grade School	15,000	5.75
Treasure County	9,000	4.92
Whitefish, City of	302,940	0.00
Yellowstone County	<u>1,444,250</u>	2.70
<b>TOTAL</b>	<b><u>\$23,053,459</u></b>	<b>2.084%*</b>

\* Weighted Average Rate





MONTANA

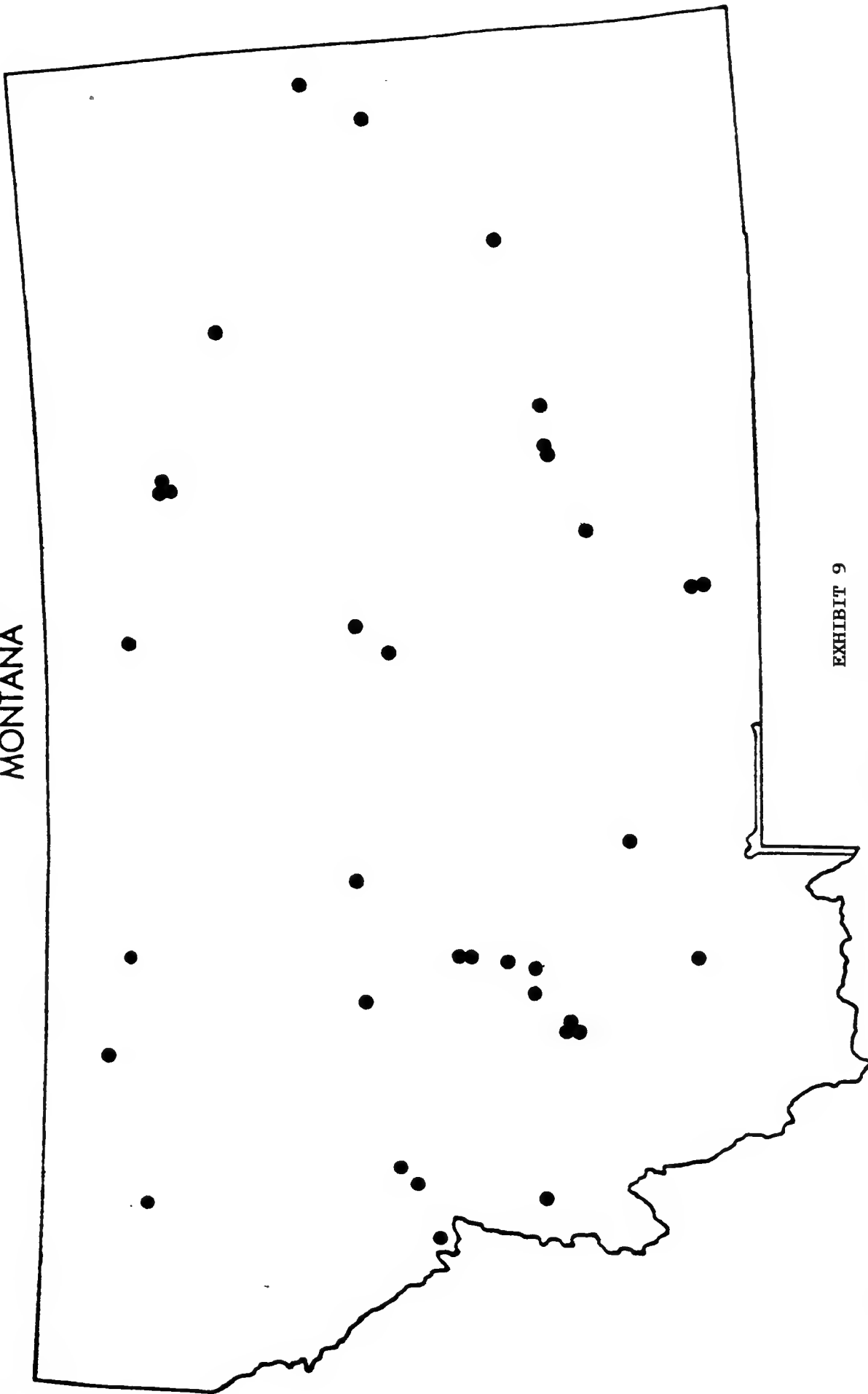


EXHIBIT 9

MCAF Participants - Fiscal 87





**EXHIBIT 10**

Montana Cash Anticipation Program - FY88

<u>Local Government Units</u>	<u>Estimated Notes Purchased by the Board</u>	<u>Estimated Effective Interest Rate</u>
Butte-Silver Bow	\$511,000	0.00%
Havre, City of	125,555	2.00
Seville Elementary School	12,674	4.00
Whitefish, City of	<u>60,000</u>	0.00
<b>TOTAL</b>	<u>\$709,229</u> -----	



# EXHIBIT 11

## Certificate of Participation Program - FY88

<u>Local Government Units</u>	<u>Estimated Notes Purchased by the Board</u>	<u>Estimated Effective Interest Rate</u>
Anaconda-Deer Lodge County	\$ 655,000	0.00%
Basin Elementary School Dist. #5	10,000	2.82
Boulder Elementary School Dist. #7	235,000	4.06
Boulder High School Dist. #1	260,000	4.35
Butte Elementary School Dist. #1	1,870,000	2.09
Butte High School Dist. #1	1,245,000	0.00
Butte-Silver Bow, City/County	2,440,000	3.89
Cascade County	2,080,000	5.11
Bozeman, City of	880,000	5.32
Custer Elementary School Dist. #15	100,000	2.10
Custer High School Dist. #15	85,000	0.00
Cut Bank Elementary School Dist. #15	475,000	0.00
Cut Bank High School Dist. #15	325,000	0.05
Deer Lodge Elementary School Dist. #1	715,000	1.45
Ekalaka, Town of	5,000	0.00
Fergus County	270,000	0.00
Glacier County	730,000	4.79
Lewis & Clark County	730,000	4.49
Lewistown, City of	330,000	4.19
Liberty Elementary School Dist. #10	20,000	5.11
Malta, City of	125,000	5.21
Miles City, City of	675,000	3.34
Missoula County	3,370,000	4.50
Ravalli County	130,000	2.90
Rosebud County	195,000	4.14
Treasure County	5,000	0.60
Whitefish, City of	835,000	0.00
<b>TOTAL</b>	<b><u>\$18,795,000</u></b>	<b>2.61%*</b>

\* Weighted Average Rate



EXHIBIT 12

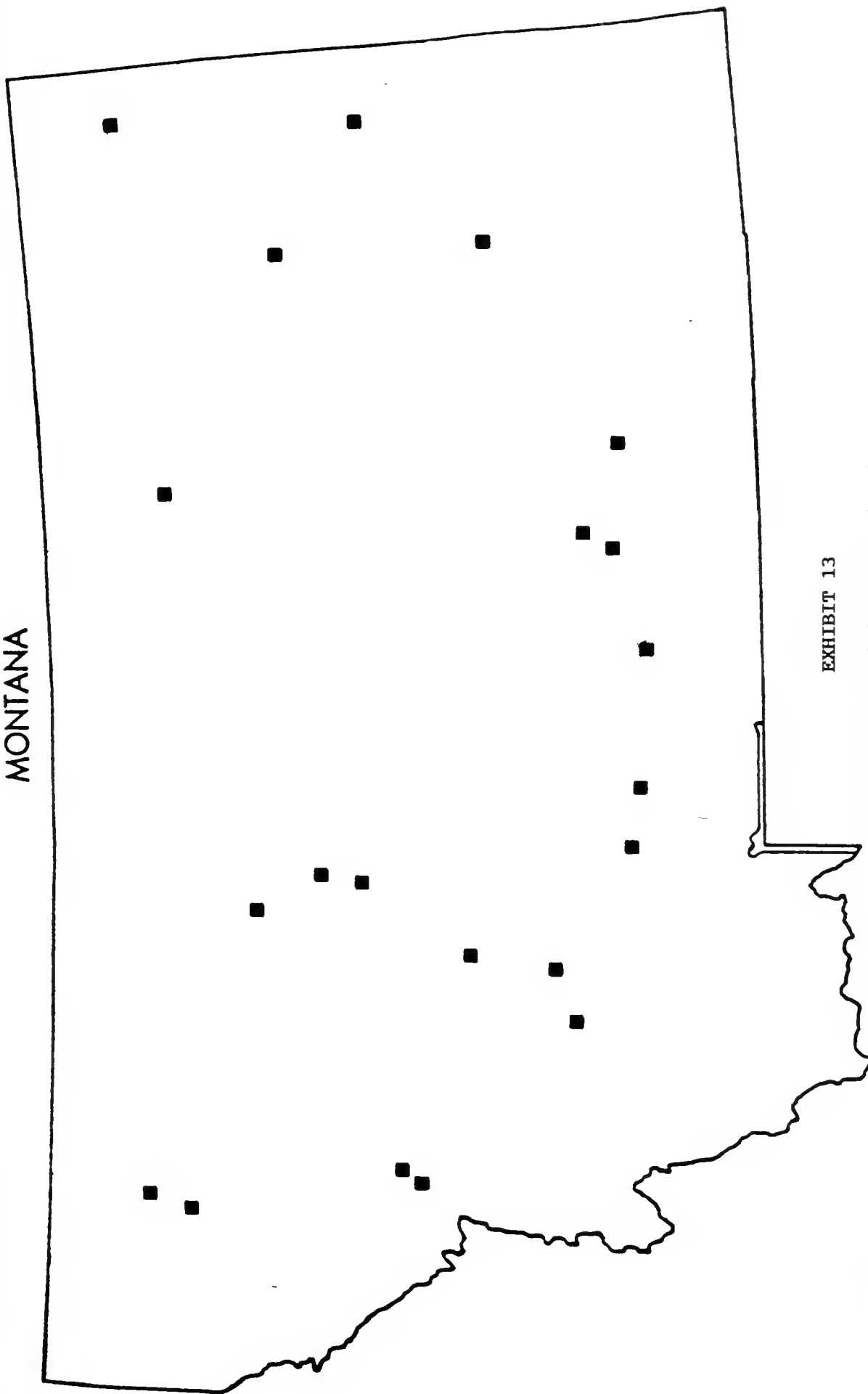
Intermediate Term Capital Program - FY87

<u>Local Government Units</u>	<u>Notes Purchased by the Board</u>
Billings, City of	\$ 25,215
Bozeman, City of	283,200
Butte-Silver Bow, City/County	957,001
Cascade County	373,181
Dutton, Town of	18,270
Glendive, City of	43,645
Great Falls, City of	87,039
Hardin, City of	73,320
Helena, City of	409,501
Jefferson County	181,628
Kalispell, City of	39,077
Livingston, City of	32,470
Malta, City of	145,297
McCone County	20,295
Medicine Lake, City of	23,345
Miles City, City of	60,900
Missoula, City of	179,676
Missoula County	485,796
Stillwater County	132,847
Whitefish	183,503
Yellowstone County	<u>331,905</u>
 TOTAL	 \$4,087,111 <u>-----</u>





# MONTANA



## EXHIBIT 13

INTERCAP Participants - Fiscal 87





EXHIBIT 14

Montana Capital Companies

Development Corporation of Montana (certified and qualified)  
P.O. Box 916  
Helena, Montana 59624  
406/442-3850

James H. Koessler (certified and qualified)  
Venture Capital Corporation of Montana  
315 Securities Building  
Billings, Montana 59101  
406/256-1984

T.H. Thomas (certified and qualified)  
Great Falls Capital Corporation  
1200 25th Street South  
Great Falls, Montana 59405  
406/761-3010

Robert Sizemore (certified)  
Blaine County Development Corporation  
P.O. Box 38  
Chinook, Montana 59523  
406/357-2411

Robert G. Mullendore (certified)  
First Montana Capital Corporation  
310 West Spruce  
Missoula, Montana 59802  
406/721-8300

John J. Filz (certified)  
Bitter Root Valley Development Corporation  
P.O. Box 1117  
Hamilton, Montana 59840  
406/363-5400

Donald Gunther (certified)  
Miles City Area Development Corporation of Montana  
1011 Main St.  
Miles City, Montana 59301





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